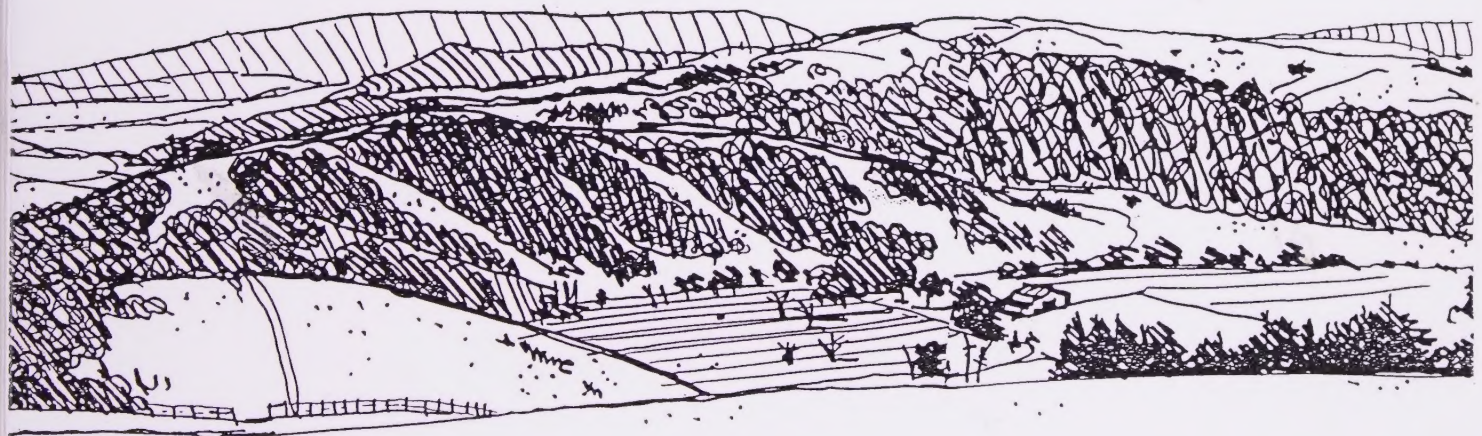



# CASTRO VALLEY RANCH DEVELOPMENT FEASIBILITY ANALYSIS: PHASE I



**CASTRO VALLEY PROPERTIES, INC.**

**SEDWAY COOKE ASSOCIATES** ■ Urban and Environmental Planners and Designers



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# **CASTRO VALLEY RANCH SITE INVESTIGATION**

prepared for

**Castro Valley Properties, Inc.**

prepared by

**SEDWAY COOKE ASSOCIATES**

Urban and Environmental Planners and Designers

in association with

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Real Estate Economics

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## SUMMARY OF FINDINGS

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The initial analysis of the Castro Valley Ranch site clearly suggests it has significant development potential. The combination of site features (including developable land, excellent climate, scenic assets, and outdoor recreation opportunities), when combined with the site's regional and metropolitan locational assets (such as future public transit service, immediate access to a freeway interchange along U.S. Highway 101 (U.S. 101) and a central location in one of the San Francisco Bay Area fastest expanding job and housing markets) provides an ideal opportunity to accommodate future growth in a well-planned, environmentally responsive manner. However, despite these advantages there are governmental and utility service constraints that will have to be overcome or resolved. The major assets and potential constraints identified are outlined below.

### A. SITE ASSETS

#### 1. Developable Land

Prime development areas are those lands with no major development constraints, such as steep slopes, poor soils, landslides, or known fault traces. Approximately 25 percent, or 2,090 acres of land within Castro Valley Ranch is suitable for development.

#### 2. Climate

Major portions of the site lie in valleys or along hill slopes 500 feet or more above the Santa Clara County valley floor. This change in elevation, combined with marine air influences from the coast, moderate summer temperatures and provide a more pleasant living environment. These same climate conditions, combined with local soils and underlying geology, may also provide a microclimate suitable for growing premium wine grapes.

#### 3. Scenic and Recreation Qualities

The combination of forested hills and ravines, high ridges from which there are panoramic views of the Santa Clara Valley, rolling grasslands, oak covered hills, and wooded creeks provide an ideal setting for hiking and horseback riding.

#### 4. Soils

In contrast to many of the lands in Santa Clara County and adjoining San Benito and Monterey counties likely to be developed in the next 20 to 30 years, most of the site does contain prime agricultural soil. The site thus offers the opportunity to divert development





from prime agricultural areas and promote the county's and state's policies of protecting these areas from development.

## **B. LOCATIONAL ASSETS**

### **1. Highway Access**

The planned extension of Santa Teresa Boulevard and construction of an interchange with U.S. 101 will provide the site with excellent highway access. Site access will be further improved by the planned realignment and improvement of State Route 152 (SR 152), which will provide direct access to the site from parts of southeastern Santa Clara County and northern San Benito County, as well as an upgraded connection to Interstate 5.

### **2. Public Transit**

The CalTrain extension of rail commuter service south to Gilroy by 1993 will enhance the site's transit access to employment centers in portions of Santa Clara, southern San Mateo, and southern Alameda counties.

## **C. MARKET SETTING**

### **1. Housing**

Regional growth projections show an increase of approximately 91,590 households in Santa Clara County by 2005. However, the actual housing need is substantially greater if a reasonable balance is to be maintained between housing and employment. The site is well located within this market area and would be highly competitive with and environmentally superior to other potential sites.

### **2. Employment**

Regional growth projections show an increase of approximately 234,240 jobs in Santa Clara County by 2005. The portions of the site, served by Santa Teresa Boulevard and U.S. 101 are well positioned to accommodate some of this projected employment growth because a significant portion of this growth will be found in southern Santa Clara County. This growth in employment will also result in major increases in demand for housing in the south county area.

## **D. POTENTIAL CONSTRAINTS**

Before a final decision can be made as to an appropriate future use of the site, several potential constraints must be recognized and the feasibility of overcoming these constraints determined. The key aspects to be examined follows.



## 1. Existing Public Policies and Regulations

The existing policies and regulations of Santa Clara County and the City of Gilroy call for either the site to be retained in its current marginal agricultural use or developed as large-lot estate homes. Implementation of development plans that recognize the locational and development assets of the site will require changes in both the Santa Clara County *Horizon 2000 General Plan* and City of Gilroy *General Plan*, and associated development regulations. Short-term development opportunities will also be limited by the current Williamson Act contracts that cover the entire site.

## 2. Local Road Access

Although the site is well served by major roadways, and the level of service will be improved significantly within 5 to 10 years, local topographical conditions restrict the alignment and capacity of the site's major entrance route, Castro Valley Road. This constraint could be eliminated by purchase of adjoining lands or through a cooperative venture with the adjoining property owner. With extensive grading and use of retaining structures, it may also be possible to construct a road with an acceptable alignment and of sufficient capacity to serve the site. Another (and less desirable) choice is to locate the main entrance road to the site along the southern property line. However, this alignment is not directly linked to Santa Teresa Boulevard and the new U.S. 101 interchange.

## 3. Water Supply

Presently there is not a documented and committed water source sufficient to accommodate a significant increase in site use. It will be necessary to determine if:

- there are local ground water sources on or near the site;
- it is possible to impound sufficient volumes of water on-site to support future development; and
- water can be secured from other in the area.

## 4. Wastewater Discharge

Presently there is not a committed wastewater treatment source sufficient to accommodate a significant increase in site use. Prospects need to be examined and a determination made of the feasibility, including:

- connection Gilroy's planned expanded treatment plant;
- construction of an on-site treatment facility that would discharge into existing creeks;





- construction of an on-site treatment facility with on-site land disposal of wastewater, in the event it is financially or politically possible to receive approval for discharge into existing creeks; and
- cooperative action with adjoining property owners—such as Sargent Ranch and/or Shappel Ranch, to construct a new subcounty treatment facility.

## E. POTENTIAL USES

The combination of site features and locational characteristics suggests a broad range of uses as candidates for consideration, including:

- housing ranging from large-lot single-family homes to mixed housing areas, including standard single-family homes, small single-family homes, townhomes, and multi-family housing;
- hotel and conference facilities with a full complement of outdoor recreation accommodations, including golfing;
- commercial offices and research and development facilities in the vicinity of the new freeway interchanges;
- retail facilities serving both southern Santa Clara County and portions of nearby San Benito and Monterey counties, and local-serving retail, the scale of which will depend on the amount of residential development occurring within the site and on immediately adjoining lands;
- vineyards on lands constrained by seismic conditions, and related winery production and sales facilities; and
- an equestrian center with boarding stable, riding ring, and other associated facilities.

The availability and extent of developable land indicates a combination of the above uses is possible and probably desirable. The site is well situated to accommodate a substantial share of the projected growth for the south county area. It also it offers an opportunity to accommodate this growth in an environmentally sensitive manner if a mixed-use approach that incorporates housing with a broad range of prices is used. When compared with other large-scale undeveloped sites in the south county area and nearby portions of San Benito and Monterey counties, Castro Valley Ranch provides an environmentally superior choice for development. The site is capable of accommodating a multiplicity of county- and city-elicited objectives, including:



- significant preservation of open space for natural habitat and outdoor recreation purposes;
- preservation and enhancement of agricultural use;
- more affordable housing and, in turn, a local and metropolitan jobs/housing balance, which could significantly reduce vehicular mileage, air emissions, and energy consumption;
- protection of prime agricultural lands elsewhere in Santa Clara, San Benito, and Monterey counties by diverting growth from these lands; and
- future growth without adverse fiscal effects on local governments.

## F. NEXT STEPS

Outlined below are major tasks that need to be undertaken to more firmly establish the development potential of the site and secure entitlements from the responsible local governments.

- Undertake more in depth investigations of water supply sources and wastewater treatment capabilities.
- Study in more detail the siting and engineering of the Castro Valley Road to determine this route's ability to serve as a high capacity entrance to the site, and the associated cost.
- Undertake additional site and literature searches to review seismic and slope instability constraints and the possible presence of natural resource values, such as rare and endangered plant or animal species.
- Review soils, underlying geology, and climate conditions to determine if the site has the potential to grow premium wine grapes.
- Investigate the market feasibility of near-term development projects, including lodge and conference facilities with an associated golf course, an equestrian center, and—if soils are found to be suitable—vineyards and a winery.
- Initiate and maintain contacts with representatives of the public agencies responsible for review and/or approval of future plan and development applications.

A more detailed description of the above tasks is provided in Chapter VIII, Future Scope of Work.



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## CHAPTER I. INTRODUCTION

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### A. SCOPE OF THE STUDY

The Castro Valley Development Corporation retained Sedway Cooke Associates to prepare an initial feasibility study of the Castro Valley Ranch property. The purpose of this study is to:

- assess the development potential of the Castro Valley Ranch;
- identify a range of development options; and
- determine the extent and costs of planning, design, engineering, environmental, and other technical services required for the preparation of a development master plan.

This initial feasibility study will provide the necessary information essential to understanding the development potential of the site. This study will also provide a basis for proceeding with subsequent planning efforts with a more complete realization of the work and time required, costs to be incurred, and the approval and permitting steps required for future development. This initial study can also assist in considering alternative development approaches, such as joint venture, sale, or development of the site.

### B. STUDY AREA

Castro Valley Ranch is approximately 8,400 acres of rolling hillside property located immediately south and west of the City of Gilroy, California.

As illustrated in Figure 1, Castro Valley Ranch is situated approximately 30 miles south of downtown San Jose in southern Santa Clara County. To the west, just over the Santa Cruz Mountains, are the cities of Watsonville, Santa Cruz, and Monterey, and the Pacific Ocean. These cities and their recreational coasts are approachable via Hecker Pass Highway along SR 152, and to the south along State Route 129 (SR 129).

The Santa Clara Valley has been a center of remarkable employment growth in recent years. San Jose was one of the fastest growing cities in the county between 1974 and 1977. This regional economic expansion has been generated by electronics manufacturing in Santa Clara County's "Silicon Valley." Job growth in this industry has spurred employment in population services throughout the Bay Area. The local economy has also generated incomes for residents well above state and national medians. Employment projections for the region indicate that this economic growth is likely to continue.





The activity having the strongest impact on the local economy and housing market in the region has been the phenomenal growth of high technology firms in Santa Clara County. Manufacturing employment increased by 65 percent (270,000 jobs) from 1972 to 1980 and accounted for 35 percent of all county wage and salary employment in 1980. New jobs arose particularly in two main industries: manufacturing of "office and computing machines" and manufacturing of electronics components and accessories," each of which expanded 148 percent. These research and development activities, associated with both electronics manufacturing firms and basic research institutions like Stanford University, University of Santa Clara, and San Jose State University, remain concentrated in the north county area along U.S. 101 and U.S. 80.

As a result of these developments, the local labor force has become increasingly highly skilled and educated. Intensive business competition for professional workers has helped generate household incomes for local residents that are above the Bay Area median. However, the continued job growth for the region is not without attendant problems, particularly a housing/employment imbalance, which has caused rentals and new income prices to escalate.

Because of this phenomenal growth, northern Santa Clara County rapidly reached a point where inexpensive land for new manufacturing and housing is no longer available. The development pressures now focus on southern Santa Clara County along the U.S. 101/Santa Teresa Boulevard, down Coyote Valley and into the cities of Morgan Hill and Gilroy.

### C. LOCATIONAL CHARACTERISTICS

Castro Valley Ranch is bordered on the east by U.S. 101. Santa Teresa Boulevard, a major arterial in the region, passes through the eastern-most portion of the site and terminates at Castro Valley Road. The county and the State of California Transportation Agency plan to extend Santa Teresa Boulevard to U.S. 101 and construct a new freeway interchange. The extension of Santa Teresa Boulevard and the proposed SR 152 improvements would greatly enhance access to the project site.

Approximately one mile north, access to Castro Valley Ranch is provided along SR 152. This route provides an east/west connection from the coastal sites of Castroville and Watsonville to the San Joaquin Valley along Interstate 5.

### D. SITE CHARACTERISTICS

Castro Valley Ranch occupies more than 8,650 acres characterized by rolling hillsides with various types of vegetation. The property is covered with creeks and there are a number of springs. The site's present and historical use is cattle grazing, with some additional agricultural crops. The property is generally 500 feet higher in elevation than the south valley floor, which creates cooler summer and winter microclimates.





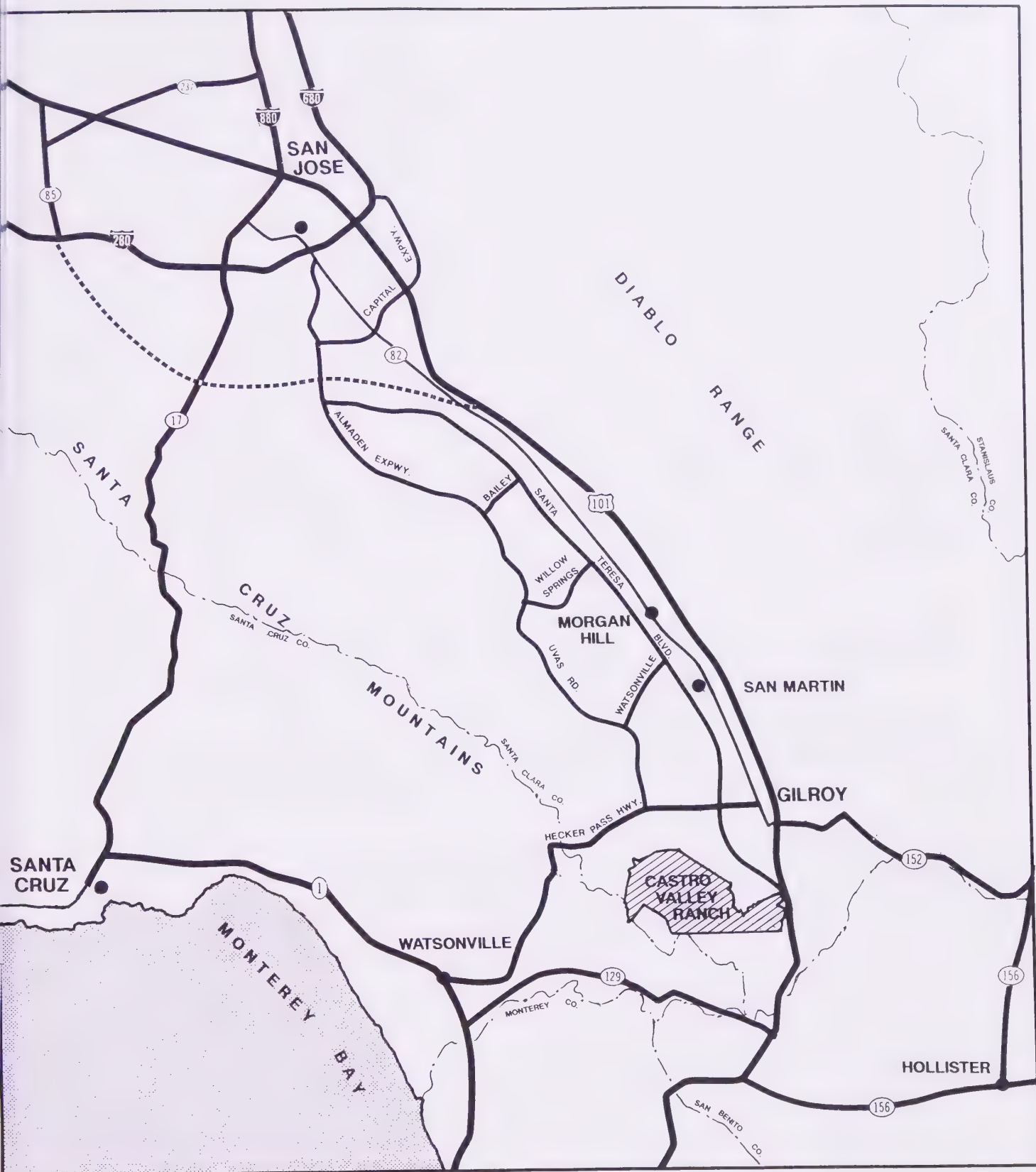
The property has three major ridgelines. The highest ridge lies in the western portion of the site and serves as a visual backdrop for the south valley and Gilroy. Mount Gilroy, the highest peak and a landmark in the area (900 feet in elevation), overlooks the area. The two other ridgelines, a central ridge and the westerly ridge, are lower in altitude. These ridges are formed by two major creeks, running generally north/south through the site along two major earthquake fault lines. The upper reaches of Pescadero Creek run along the Castro Valley Fault, while Wildcat Canyon runs along the Sargent Fault. Hatfield Creek and Canyon Creek form the western property boundary.

At the center of the property lies Castro Valley, a relatively flat, high altitude valley nestled in the surrounding hillsides. Because of it is relatively flat, the existing ranch development, and its natural beauty, Castro Valley is ripe for some type of recreational development.

The eastern portion of the property is flat and has direct access to U.S. 101 and Santa Teresa Boulevard from Castro Valley Road. This portion of the ranch is lower in elevation and is quite different in character from the rest of the ranch. Presently, the eastern portion of the ranch is used for agricultural purposes, including both cattle grazing and crops.

Because of the proximity Gilroy's urban services, U.S. 101, and Santa Teresa Boulevard, this portion of the site holds the most immediate potential for development in the near future. However, any development within the approach and access to the rest of the site and should be developed carefully to maintain an appropriate character and quality. An unattractive and low-quality development at the entry to Castro Valley Ranch could lesson the future development potential of the western portion of the site.






 Proposed freeway extension

**Figure 1**  
**REGIONAL SETTING**

**CASTRO VALLEY RANCH**  
**GILROY, CALIFORNIA**

**SEDWAY COOKE ASSOCIATES**  
Urban and Environmental Planners and Designers

  
 0 1 2 5 10  
 SCALE IN MILES



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## CHAPTER II. GOVERNMENTAL POLICY AND REGULATIONS

---

This chapter identifies the major city and county policies and regulations relevant to future development of Castro Valley Ranch. The chapter is organized into three sections: jurisdictional setting; local general plans; and Williamson Act provisions. Detailed documentation of the relevant policies and regulations is found in the Appendices.

### A. JURISDICTIONAL SETTING

Castro Valley Ranch is located in the southern portion of Santa Clara County, approximately 30 miles south of San Jose and two miles southwest of Gilroy, and falls within two governmental jurisdictions: Santa Clara County and the City of Gilroy. The entire project site lies within the unincorporated portion of Santa Clara County; however, a northeast portion of Castro Valley Ranch partially lies within the City of Gilroy's "sphere of influence." As shown in Figure 2, the site is located outside the city limits and "urban service" area boundaries of the City of Gilroy.

The "sphere of influence" is defined as the area in which the city has influence over annexation and development. The "sphere of influence" of a city is established by agreements between the city and county through the Local Area Formation Commission (LAFCO).

The "urban service" area for the City of Gilroy is defined as their five-year planning boundary. This boundary encompasses the area where the city intends to extend its city limit line and services for future urban development.

Both the city and county policy state that urban development can occur only within a city's "urban service" area and on lands within city limits. Thus, unincorporated lands intended for urban development must be annexed to a city and incorporated within the city's "urban service" area. Urban development on unincorporated lands will not be allowed under Santa Clara County's current land use regulations.

For urban development to occur on Castro Valley Ranch, jurisdictional boundaries of the City of Gilroy must be altered to include it. The city limit, "urban service," and the "sphere of influence" lines would have to be redefined to include Castro Valley Ranch. Proposals for the expansion of the "urban service" boundaries can be approved only if the city or a special district(s) has the ability to provide public facilities and services the area within five years. County policies also state that annexed lands must be adjacent to the city limit lines; therefore, the lands between the City of Gilroy and Castro Valley Ranch must also be annexed.





Alternatively, it is possible to develop Castro Valley Ranch within county jurisdiction, without extending jurisdictional boundaries of Gilroy. In this case, Santa Clara County would be the lead agency and the land use permitting authority for urban development in unincorporated lands. However, there is no precedence set for addressing this type of development in Santa Clara County.

Sargent Ranch is currently discussing with the County Planning Department the best approach for permitting urban development in rural areas. The county may develop a county service area or utility district in which a specific plan or planned development may be approved. Sargent Ranch is complicated because its project area extends beyond Santa Clara County lines into San Benito County. Whatever the approach, an amendment to the Santa Clara County *Horizon 2000 General Plan* will be required.

## **B. LOCAL GENERAL PLANS**

Future development of the project site is governed by four planning documents that state policy guidance for directing future development:

- *Santa Clara County Horizon 2000 General Plan;*
- *City of Gilroy General Plan;*
- *South County Joint Area Plan;*
- *Open Space Preservation Program for Santa Clara County.*

Below is a brief summary of the policies affecting Castro Valley Ranch.

### **1. Santa Clara County Horizon 2000 General Plan**

The policies of the Santa Clara County *Horizon 2000 General Plan* seek to protect and preserve existing rural areas, particularly prime agricultural lands and ranchlands. Valuable agricultural areas are protected and annexation of large agricultural lands is discouraged. Ranchlands are to be protected in order to maintain rural lifestyles, public access is limited, and only very low intensity uses are permitted. Subdivision of ranchland into smaller lots is discouraged.

There are two land use designations for Castro Valley Ranch: Ranchland (R) and Large-Scale Agriculture (LA). Although most of the project area is designated Ranchlands, approximately 61 acres on the eastern portion adjacent to U.S. 101 are designated (LA) Large-Scale Agriculture.





## (R) Ranchland

The primary use of lands designated (R) Ranchland is ranching. Secondary planned uses include very-low-intensity residential, commercial, and industrial uses, provided they support ranching activities. Such activities may include agriculture, low intensity recreation, mineral extraction, and hunting. Permitted lot sizes range from 20 to 160 acres depending on the average slope of the property.

## (LA) Large-Scale Agriculture

The primary use of lands designated (LA) Large-Scale Agriculture is agriculture and related support activities. These lands are preserved for their prime agricultural soils and in order to provide a greenbelt around the south valley cities. Minimum lot size is 40 acres.

## **2. City of Gilroy General Plan**

The Castro Valley Ranch lies just outside the City of Gilroy general plan boundaries, including their 5- and 20-year planning areas. Land use designations and policies do not apply to areas outside the general plan area; therefore, development for newly annexed areas to the City of Gilroy would require a general plan amendment designating permitted land uses. Figure 3 depicts land use designations for the project site and its vicinity.

## **3. South County Joint Area Plan**

The *South County Joint Area Plan* was adopted by three jurisdictions: County of Santa Clara, the City of Gilroy, and the City of Morgan Hill. This plan is a mutual statement of policies for community development and environmental management. The three jurisdictions have jointly agreed to implement actions toward development in the incorporated and unincorporated areas of the south county. Development plans must be reviewed jointly by the three jurisdictions and adhere to the policy directions set forth within the *South County Joint Area Plan*.

## **4. Open Space Preservation Program for Santa Clara County**

The *Open Space Preservation Program for Santa Clara County* was prepared by the Preservation 2020 Task Force as a policy framework for a comprehensive program to preserve Santa Clara County's open space. The study calls for intergovernmental cooperation and recommends general plan amendments, monitoring of urban growth, and acquisitions of watersheds. It encourages cities to use their "urban service" area and utility extensions to guide urban growth away from long-term agricultural areas. The *Program* encourages the preparation of specific plans to guide development in areas outside "urban service" areas and to maximize the preservation of hillsides.



## C. THE WILLIAMSON ACT

The Williamson Act is a 10-year contractual agreement between the property owner and the county or city to preserve agricultural land. Under this agreement, the owner pays lower property taxes because the property is assessed as agricultural land rather than potentially developable land. A written notice by the property owner must be served at least 90 days prior to the renewal date and by the city or county at least 60 days prior to the renewal date before the contract shall be considered renewed. November first of each year is the deadline for initiating the termination process for Castro Valley Ranch. Castro Valley Ranch has two procedural options to terminate the contractual agreement, as described below.

### 1. Non-Renewal

The property owner must formally submit a notice of non-renewal at least 90 days before the renewal date to begin the termination of the ten-year contract period. At such time, the Santa Clara County Assessors Office is notified and begins to incrementally increase the property taxes as the end of the contract approaches. The property owner is not subject to penalty fees under this process.

Until the end of the contract, the property must still comply with the Williamson Act, preserving agricultural land and open space. Future uses must be consistent with the County's General Plan. The Williamson Act allows only those areas with specific development potential to be non-renewed.

The Williamson Act allows the cities and counties to adopt a list of uses that are considered compatible, particularly public outdoor recreational uses. Santa Clara County's list of compatible uses are found in Appendix G. The following general criteria is used by the Board of Supervisors to evaluate proposed uses:

- the proposed use must be compatible and not interfere with the agricultural or open space uses adjacent to and on the parcel for which the use is being proposed;
- the proposed use must be beneficial to the larger general public;
- if the proposed use is one that will cease operation, such as a quarry, the land must return to an agricultural or open space use; and
- the proposed use must not hinder or impair agricultural operations in the area by increasing the permanent or temporary human population.

For example, golf courses, equestrian centers, lodges, and other recreational are not specifically identified as compatible. There are procedures to request that these activity be included on the list of compatible uses.



## 2. Cancellation

The cancellation process requires the property owner to initially file a notice of non-renewal in order to show the intent of cancellation. Obtaining approval by Santa Clara County for cancellation is very difficult, since the County does not favor the cancellation of the Williamson Act unless severe hardships can be demonstrated. The cancellation of the contractual agreement requires a demonstration that the proposed use is in the public interest. The burden of proof must show that:

- public concern substantially outweighs the objectives of the Williamson Act;
- there is no non-contracted land available within one mile that is suitable for the proposed use;
- the proposed development shows an order of growth; and
- the proposed development is consistent with the general plan.

Unlike the non-renewal procedure, property owners are subject to a one-time penalty fee equal to 12.5 percent of the assessed fair market value of the property. This penalty fee is required regardless of the number of years the property may be in the non-renewal process, and is considered a deferred tax.

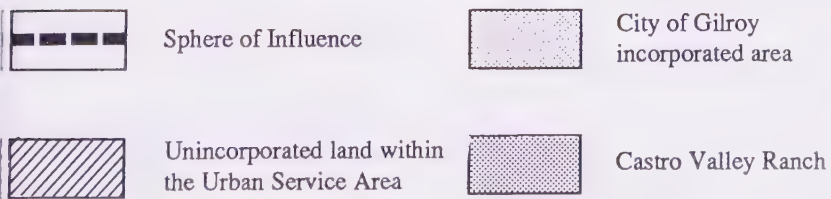
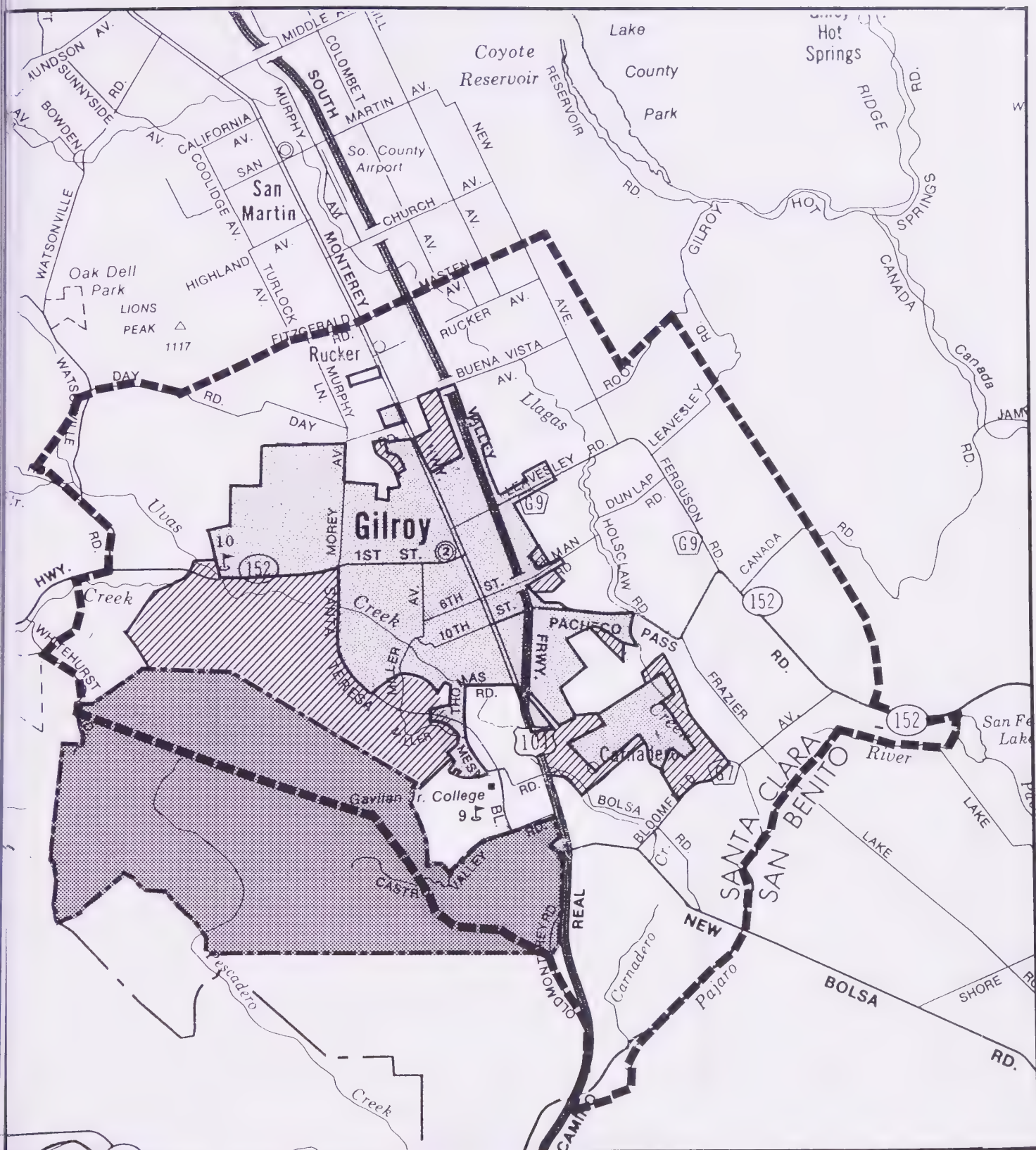
The penalty fee can be paid before or after the cancellation process is completed. If the fee is paid beforehand, the property owner has one year to complete the following documentation:

- prove cancellation is in the public interest;
- obtain all the required permits; and
- complete necessary plans (i.e., specific plans and environmental impact reports).

An extension beyond the one year may be granted if it is reasonably shown that work is heading toward completion. However, if an extension is not granted and the necessary documentation is incomplete, the process is terminated and the county retains the penalty fee. Alternatively, the penalty fee can be assessed and paid when the documentation is complete. However if the property value has increased during the year, then the penalty fee would be higher.



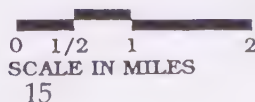




**Figure 2**  
**JURISDICTIONAL**  
**BOUNDARIES**

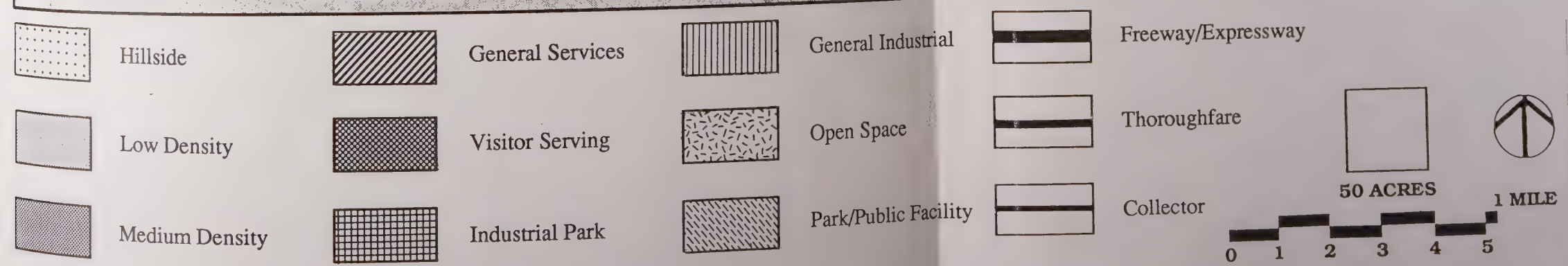
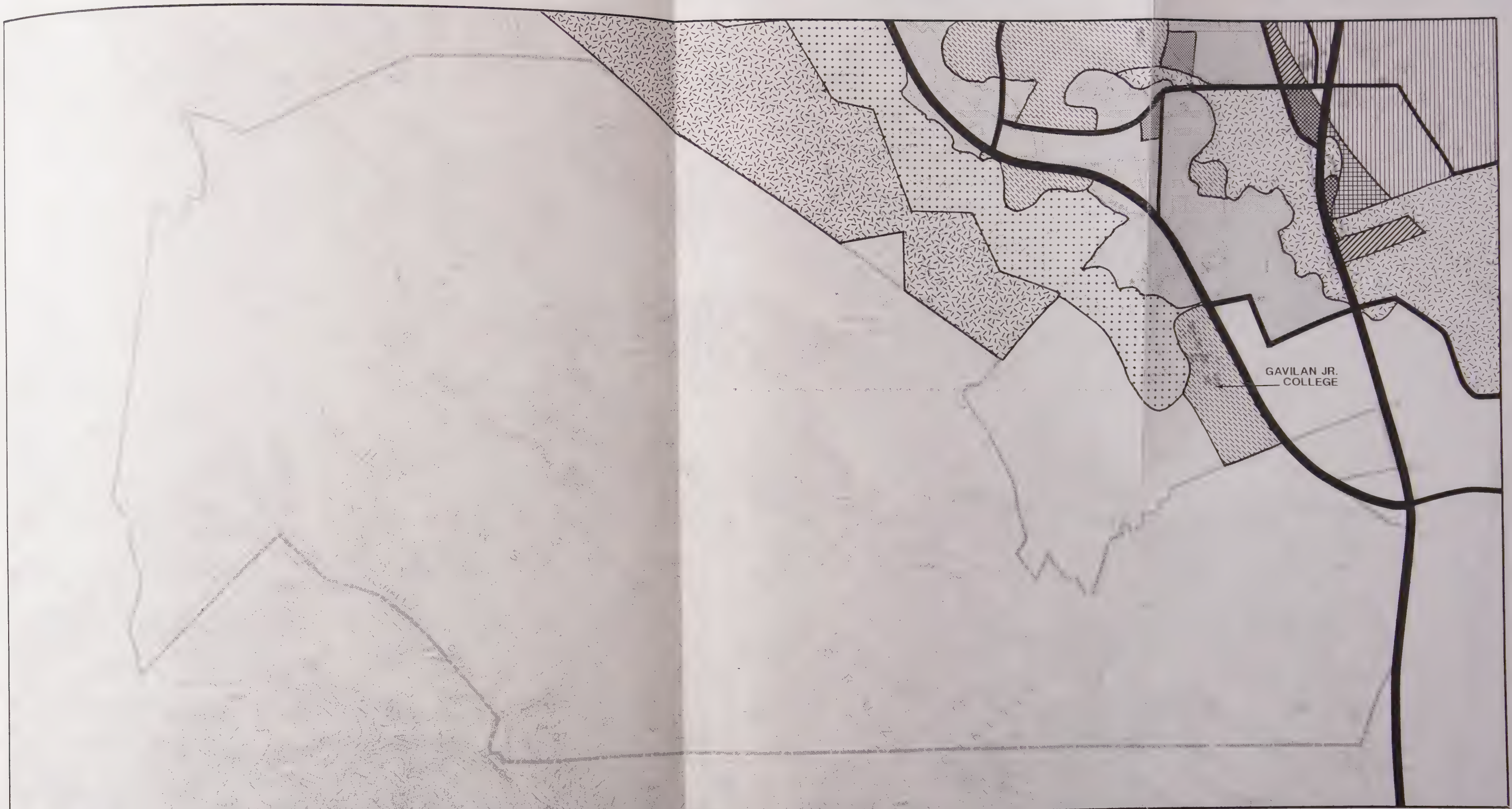
**CASTRO VALLEY RANCH**  
**GILROY, CALIFORNIA**

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Urban and Environmental Planners and Designers









**Figure 3**  
**CITY OF GILROY**  
**GENERAL PLAN-LAND USE**

**CASTRO VALLEY RANCH**  
**GILROY, CALIFORNIA**

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## CHAPTER III. LAND SUPPLY

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A land supply analysis was conducted to determine the amount and location of buildable land on the project site. The major factors taken into consideration include geotechnical constraints, natural resources values, and on-site accessibility.

Data on existing constraints were collected from existing Santa Clara County sources and United State Geological Survey reports (USGS). County geotechnical data have been mapped on USGS survey maps at a scale of 1:2000, which provides a coarse and relatively imprecise analysis of existing geotechnical conditions on the project site. Further planning efforts would require more detailed and precise geotechnical analysis would be required in further planning efforts.

### A. SITE CONSTRAINTS

Site constraints factors that limit the development potential of the project site, including geotechnical conditions such as slope and soil stability, earthquake fault zones, and landslide hazards. Additionally, development can be constrained by natural resource values, such as visual assets, creeks, wildlife habitats, riparian zones, and by on-site accessibility. Below is a brief discussion of these site constraints.

#### 1. Geotechnical Constraints

As summarized on Figure 4, geotechnical constraints included steep slopes (slopes greater than 25 percent), major landslides, Alquist-Priolo Special Study Zones, and unstable soil conditions or areas with high potential for landslides.

##### Slope Analysis

A slope analysis was performed using USGS topographical maps (scale 1:2000) and checked with a computer-generated slope map from USGS at the same scale. The site was divided into four slope categories by percent of slope or grade: 0 to 15 percent, 15 to 25 percent, 25 to 30 percent, and greater than 30 percent slope.

Slopes between 0 and 15 percent are considered the highest potential for new development because the terrain is relatively flat and provides easy access for roadways. Maximum grades for typical roadways is limited to 12 to 15 percent for short distances, which is the limit for most fire trucks.



Slopes from 15 to 25 percent are steep but can still be built upon. Road access can be built across slopes of 15 to 25 percent grade. Houses can be placed on grades of 15 to 25 percent providing two story construction both up hill or downhill configurations.

Slopes greater than 25 percent are considered too steep for major development and would require major grading for road access and construction of homes. In some instances slopes between 25 and 30 percent along the edges of flatter terrain would be capable of development for residential buildings. However, these higher slopes were not included in this analysis and would require more detailed site investigation and more accurate topographic maps at a larger scale.

Steeper slopes, greater than 25 percent, would be available for many agricultural uses including cattle grazing, vineyards, orchards, and some other crops.

### Earthquake Study Zones

A portion of Sargent Fault is located on the project site. Santa Clara County has identified this fault as an Alquist-Priolo Special Study Zone. The Alquist-Priolo Special Study Zone includes an area approximately 800 feet wide along the Sargent Fault.

A second zone is anticipated to be designated along the Castro Fault running parallel to the Sargent Fault through Castro Valley Ranch. Other major faults may be identified in further detailed soils and geologic studies.

County policy restricts new development within any Alquist-Priolo Special Study Zone. Any development proposal on the project site would require a detailed geologic study to determine the potential hazards from ground shaking along the existing faults. In most jurisdictions, no buildings are permitted within 100 feet or more of a known active fault line. The special study zone designation would eliminate a substantial portion (636 acres) of the flatter areas of Castro Valley Ranch from development.

After further analysis and geotechnical investigation, and approval from the county geologist and engineers, some of these areas within the Sargent and Castro fault zones may be determined buildable, subject to special building conditions.

### Soil Stability Analysis

Santa Clara County has produced a soils and land stability analysis for the south county. This analysis classifies lands into five major categories based on the underlying soil conditions, topography, geologic hazards, and landslides. The five categories are highly unstable conditions, moderately unstable, generally stable to marginally stable, generally stable, and stable conditions. The analysis was mapped on USGS maps at a very gross scale (1:2000), typically from generalized soils maps and aerial photographic interpretation.





Detailed site investigation of soils and geology would be required for any development application. Following this analysis, some additional areas may be included as unsuitable for development while other areas could be removed from the unstable classification.

## **2. Natural Resource Values**

Natural resources values include existing riparian habitats, and creeks and stream courses. No known endangered species or special habitat areas exist on the project site; however, the Castro Valley Ranch is in a relatively remote location and no recent biological studies have been conducted. Creeks and tree massing are typically locations where special wildlife habitats can be expected to exist. Thus, for planning purposes all major creeks and stream beds were considered riparian habitats and unsuitable for development. Preserved in their natural state, these creeks would also add to the recreational and scenic value of the project site.

### Riparian Habitats

Riparian habitat areas are found along streams. These areas vary in width and form. Riparian areas play host to many native trees and provide rich, dense growth, and a home to local wildlife. Riparian habitat areas are often classified by the Department of Fish and Game or the Army Corp of Engineers as sensitive "wetland" areas and must be preserved in their natural state. Additionally, development typically must be held back 50 to 100 feet from riparian creeks and wetland areas to protect the wildlife habitats.

### Creeks and Stream Courses

The major creeks running through the Castro Valley Ranch include Pescadero Creek, Tar Creek, Tick Creek, and Wildcat Creek, and their tributaries. All the creeks feed into the Pajaro River. The exact extent of riparian habitats associated with these creeks would require extensive and detailed site investigation, and mapping at a larger scale as part of any development proposal.

## **3. On-Site Accessibility**

An on-site accessibility analysis was conducted to determine the capability of providing local roads to the major development portions of the project site and was determined by analyzing the potential for constructing local roads to buildable locations on the project site. Road accessibility is a major constraint in determining buildable areas of the project site; while some areas may be relatively flat, the cost of providing road access to the project site may be excessive. For example, some ridgelines at the tops of the hills are capable of being developed with housing, but are inaccessible without major road grading and construction cost.



Road access is considered easy and accessible in areas with slopes up to 15 percent. Areas with slopes of 15 to 25 percent would require extensive grading for local roadway access but would still be accessible. Areas greater than 25 percent are considered too steep and costly to build roads.

A cursory layout of local roads was performed to determine easily accessible areas. Many smaller flat areas at the tops of many ridgelines were determined to be highly constrained sites because road access would require long, circuitous entry roads over steep terrain.

## B. DEVELOPMENT SUITABILITY ANALYSIS

Figure 5 is a composite site development suitability map, generated by overlaying each of the above factors to create a consolidated site suitability map and use to identify potential developable areas on the project site. Potential development areas are categorized into four major groups: prime development areas, development areas with difficult access, development areas in fault zones, and highly constrained areas. Some additional areas may be identified as unsuitable for development after completion of more detailed site-specific investigations of vegetation and animal habitats and identification of wetland areas along the creeks. A summary of the land supply in each category is shown below and on Figure 6.

	Area	% of Site
<i>Prime Development Areas</i>		
Eastern Site	610	7.26
Central Valley	396	4.71
Western Slope	1,084	12.90
<b>Subtotal</b>	<b>2,090</b>	<b>24.88</b>
<i>Development Areas with Difficult Access</i>		
Gilroy Ridge	348	4.14
Central Ridge	123	1.46
<b>Subtotal</b>	<b>471</b>	<b>5.61</b>
<i>Development Areas in Fault Zones</i>	<b>923</b>	<b>10.99</b>
<i>Site Area with Steep Slopes</i>	<b>4,916</b>	<b>58.52</b>
<b>Total Site Area</b>	<b><u>8,400</u></b>	<b><u>100.00</u></b>



## **1. Primary Development Areas**

Prime development areas are those areas with no major development constraints. Topography is relatively flat with appropriate soil conditions, no land slides, and no known fault traces.

## **2. Development Areas with Difficult Access**

Areas identified as developable but with difficult road access are typically located on the tops of ridge lines and in small knolls along the hillsides and would be costly to build. Fire truck and emergency vehicle access would be difficult in these locations.

## **3. Development Areas in Fault Zones**

Areas in the Alquist-Priolo Special Study Zone are prime locations for agricultural and/or recreational activity because these uses do not draw large numbers of people. Some construction may be permitted upon completion of special geologic and engineering studies to determine the degree of risk and safety factors.

## **4. Highly Constrained Areas**

Areas that are highly constrained and not suitable for development include property with slopes greater than 25 percent, land slide areas and lands with unstable soil conditions, and steep riparian ravines.

## **C. SUMMARY OF SITE DEVELOPMENT POTENTIAL**

Castro Valley Ranch can be divided into three major development areas: the eastern portion, the central area, and the western slope.

### **1. Eastern Portion**

The eastern portion of the project site is located east of the Gilroy Ridge and extends down the eastern hillsides to U.S. 101. Generally, this area holds the greatest development potential for the immediate future. Access to the project site is provided by local roads, including Santa Teresa Boulevard, Old Monterey Road, U.S. 101, and Castro Valley Road. This area has easy access to local services and can be easily be accommodated by local water, sewer, and city services. The eastern portion of the site is relatively flat and unobstructed, and the is within the City of Gilroy's sphere of influence. Access to the eastern portion of the project site will improve in the near future as road improvements and the U.S. 101/SR 152 interchange are completed.

Access and the development potential of the eastern portion of the project site is hampered by two privately owned parcels adjacent to U.S. 101. The first is a 43-acre parcel south of Castro





Valley Road that would be directly adjacent to the proposed U.S. 101/Santa Teresa Boulevard interchange. This land is currently owned by K. Nertlich of Sunnyvale. The second is a 29-acre parcel east of Old Monterey Road and next to U.S. 101. This property is owned by M. Resetar of Watsonville.

Both these parcels would provide prime locations for freeway commercial services and uses when freeway improvements are completed. Development of these parcels could accommodate major commercial uses, reducing the commercial potential of adjoining Castro Valley Ranch property and potentially detracting from the image and character of the entry to the ranch.

## 2. Central Area

The central portion of the project site has moderately good access along Castro Valley Road. Additional road access to the central area can be provided from the south along Tick Creek. However, major road access to the central site would best be accomplished by realigning Castro Valley Road slightly north to avoid steep slopes and cuts into the hillsides. This realignment would require aligning a portion of the road on the adjoining land owned by B. and D. Westbrook of San Jose.

The realignment and improvements to Castro Valley Road would be necessary to accommodate the traffic volumes from any major development in the ranch interior. Additionally, improvements to Castro Valley Road would provide the necessary entry image and character for major new development on the ranch.

A secondary road entry to the central portion of the project site would also be provided by a new entry road along the southern edge of the ranch along Tick Creek with a connection to the Old Monterey Road. This new entry would provide a second means of entry in case of emergencies and would provide greater flexibility in the distribution of traffic to and from the project site.

Access for public services, water, sewer, fire, police would be more costly here than the eastern portion of the project site, and would require extensive improvements. The central portion of the project site is at a higher elevation from the eastern portion and is somewhat removed from all public services provided by the City of Gilroy.

Another major constraint for the central area is the location of two major fault zones running through the project site: the Sargent Fault and the Castro Valley Fault. These two faults are also connected by a fault trace that runs through the central portion of Castro Valley Ranch, which would most likely exclude development from much of the central area. These fault zones also divide the flat portions of the project site, creating smaller, disconnected parcels in the middle of the project site. However, these constrained lands are suitable for golf course purposes and, if used in this manner, would unify adjoining land uses.

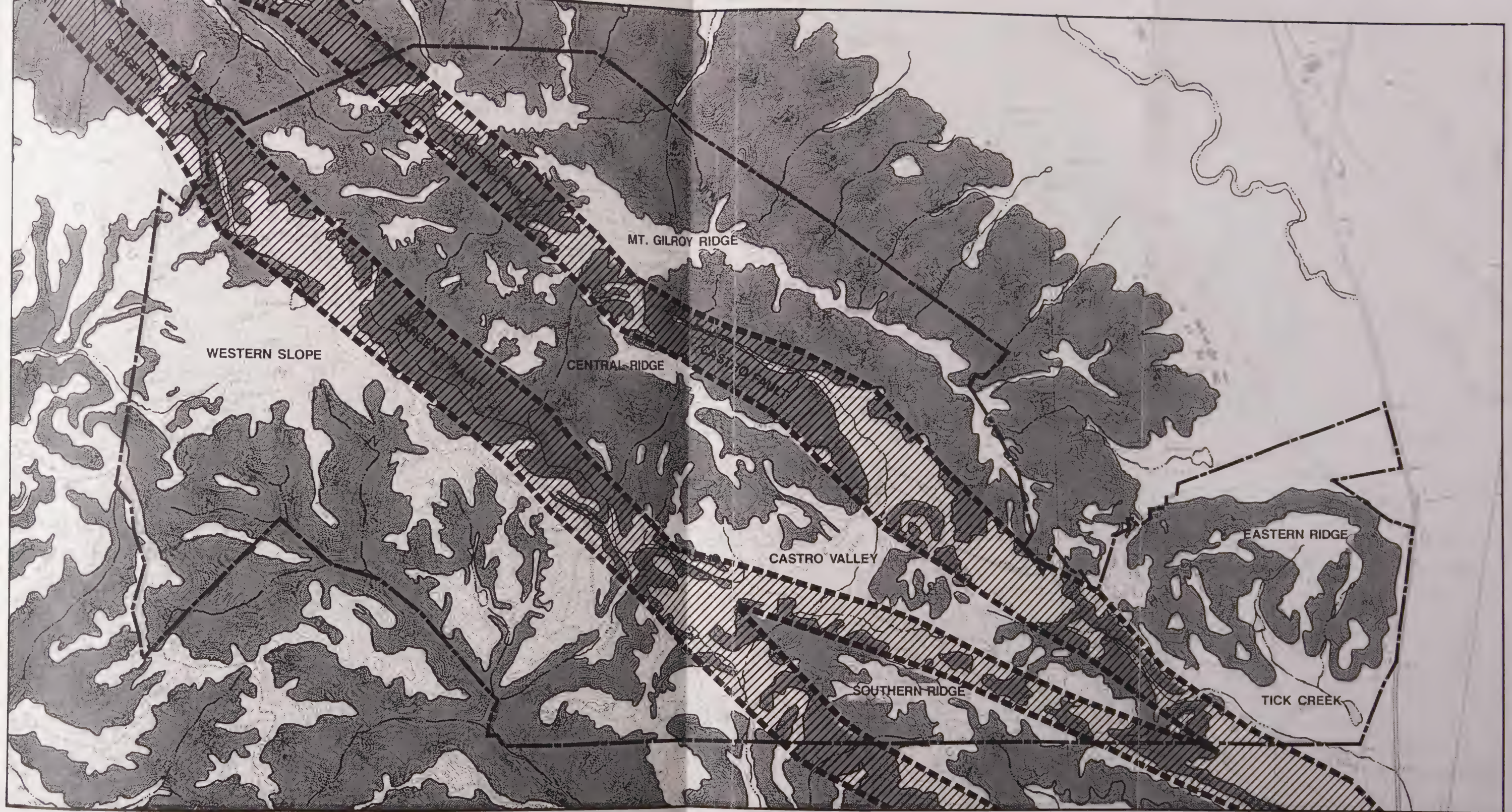


### 3. Western Slope

The western slope is the largest developable portion of the ranch because it is generally unobstructed and has relatively flat terrain with no known fault zones or landslide problems. However, the western slope is the most removed and distanced from direct road access and public services. Access to the western slope could be provided from the east through Castro Valley Ranch along Castro Valley Road and more directly from the north along Whitehurst Road to Hecker Pass (SR 152). Access along Whitehurst Road would also need to be improved to accommodate increased traffic volumes from development on the project site. Whitehurst Road provides direct access to the north along Watsonville Road to Uvas Creek Road and Oak Glen Avenue, and along Santa Teresa Boulevard to the major employment centers in Morgan Hill, Coyote Valley, San Jose, and Silicon Valley.



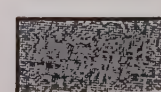




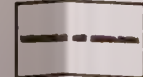
Buildable areas,  
< 25% slopes



Fault zones

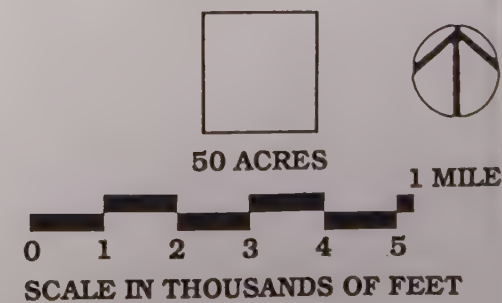


Constrained areas,  
25%+ and slide areas



Site boundary

Source: 1 U.S. Dept. of Interior, Geological Survey  
2 County of Santa Clara, Dept. of Planning and Development



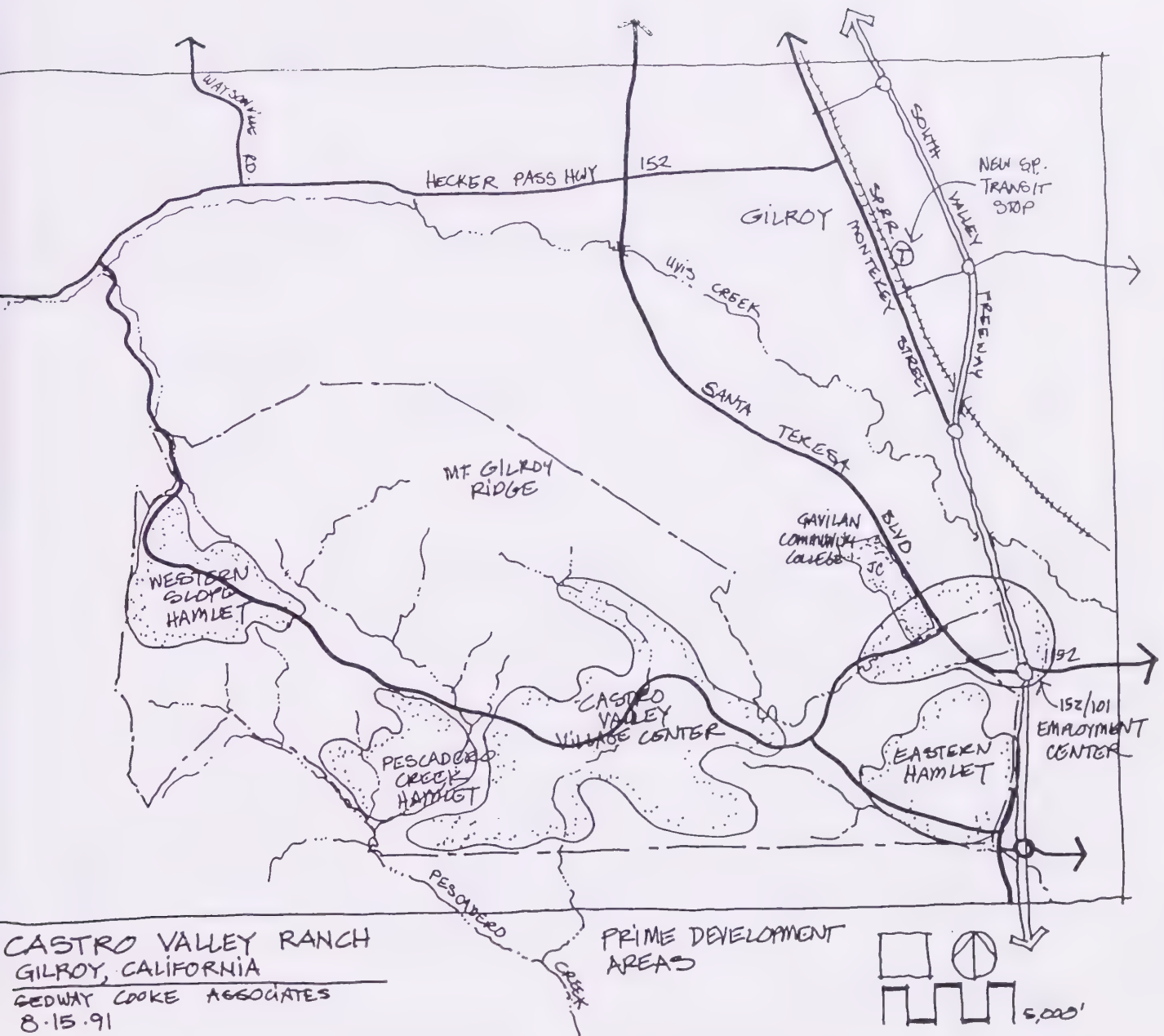
**Figure 4**  
**CONSTRAINT ANALYSIS**

**CASTRO VALLEY RANCH**  
**GILROY, CALIFORNIA**

**SEDWAY COOKE ASSOCIATES**  
Urban and Environmental Planners and Designers







**Figure 6**  
**PRIME DEVELOPMENT**  
**AREAS**

**CASTRO VALLEY RANCH**  
**GILROY, CALIFORNIA**

**SEDWAY COOKE ASSOCIATES**  
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## CHAPTER IV. COMMUNITY FACILITIES AND SERVICES

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This chapter addresses major infrastructure and community services and facilities relevant to potential development of the Castro Valley Ranch. Future development of this ranch will be directly related to the location, availability, and quality of services, including water supply, wastewater treatment, law enforcement, fire safety, and schools.

### A. INFRASTRUCTURE

Below is a brief discussion of two potential infrastructure constraints: water supply and wastewater treatment.

#### 1. Water Supply

In developed areas of the county, water is acquired from ground or surface supplies, treated if necessary, and distributed to users. In rural areas, water generally comes from individual wells. Water system facilities may include wells, treatment and storage facilities, lines, and pumps. To accommodate new areas of development, these systems typically can be expanded.

##### Existing Sources

Water in the southern portion of the county is supplied by the Santa Clara Valley Water District (SCVWD) and the Gavilan Water Conservation District (GWCD). SCVWD provides potable water to users through municipal and private utilities, following treatment by the district. GWCD owns, operates, and maintains Uvas and Chesbro reservoirs, and provides groundwater recharge service to unincorporated areas. This district is primarily funded through property tax revenues and user fees.

The City of Gilroy provides municipal water service within the city limits, with seven wells and a three-reservoir distribution system. This service is dependent on the Llagas Groundwater Basin for a safe and adequate supply of water. Currently there is no water being imported into the south county to supplement the existing water supply sources.

##### Potential Water Supply Sources

Currently, Castro Valley Ranch receives water from on-site wells. However, at their present rate of pumping, these wells are insufficient to accommodate new development. Castro Valley Ranch is located in a rural area beyond the City of Gilroy's urban sphere of influence. To



maintain an adequate and safe water supply for future development of the project site, a source of water must be identified and secured. Possible sources include local groundwater, surface stormwater collection, and off-site suppliers.

Castro Valley Ranch is located in the Coyote Creek Groundwater Basin. Surface drainage and most of the groundwater movement in this basin is northerly, with groundwater recharge generally originating from seepage from the Coyote Creek.

Local Groundwater Sources. Groundwater is a renewable natural resource located beneath the earth's surface in water-transmitting geologic formations called aquifers. A groundwater basin can be replenished repeatedly either naturally by rainfall, snowmelt, and surface runoff, or artificially through groundwater recharge. The primary means of obtaining groundwater is pumping from wells. Groundwater for domestic consumption is often the preferred water source because it generally requires little treatment. Also, it is substantially less expensive than the cost of importing treated surface water.

If local groundwater sources are found on or near the site, wells can be constructed to drill for water. If water is found, it can be pumped from the ground and impounded in a reservoir for subsequent treatment and distribution. Reservoirs can be constructed by damming one of the on-site creeks. Constructing and drilling wells will require a permit from the Santa Clara Valley Water District; however, there is no current restriction on pumping from the county's aquifer system.

Surface Stormwater Collection. A second potential source of water for development of Castro Valley Ranch is collecting surface stormwater runoff and pumping it into a reservoir. Unlike groundwater, surface water must be filtered and treated for domestic use.

As noted above, a reservoir could be constructed by damming one of the on-site creeks. However, it is uncertain if the potential amount of storm water runoff would be sufficient to supply the amount of water needed for future development of the site. Further engineering studies would be required to estimate the potential water run-off resulting from surface drainage.

Off-Site Suppliers. As noted above, two districts supply water to the project vicinity: Santa Clara Valley Water District and Gavilan Water Conservation District. To access these water sources, developers are required to pay fees to contribute to necessary expansion of the city's water supply. These fees are proportional to demand.

## **2. Wastewater Treatment**

Below is a brief discussion of existing and potential wastewater treatment sources for the project site. Urban areas in the south county are served by the Gilroy/Morgan Hill Wastewater Treatment Plant, located just east of Castro Valley Ranch. Unincorporated areas in





the vicinity generally do not use municipal sewer services, but operate on private septic systems.

### Existing Facilities

The City of Gilroy operates and maintains the Gilroy/Morgan Hill Wastewater Treatment Plant. This plant treats and disposes municipal sewage from the cities of Gilroy and Morgan Hill. Its service area includes the cities of Gilroy and Morgan Hill, and a corridor along Monterey Highway and U.S. 101 through unincorporated San Martin.

The *Long-Term Wastewater Management Plan* for the cities of Gilroy and Morgan Hill includes the design and construction of a new treatment and disposal facility to accommodate growth in the Gilroy and Morgan Hill service areas over a 20- to 25-year period.

Sanitary sewers are not expected to be available to most unincorporated areas. The county does not operate a sewage treatment plant and many rural areas are not in proximity to existing sewers. Costs of new sewers and treatment plants are now prohibitively high for low-density rural development. Septic tank systems are the only on-site waste disposal systems currently approved in Santa Clara County and must be depended on for the next few years.

### Potential Sources

The Castro Valley Ranch is located in the unincorporated areas of Santa Clara County. To accommodate significant growth on the project site, existing wastewater treatment facilities may need to be expanded or new facilities created. Three potential sources have been identified to ensure adequate wastewater treatment and safe disposal of liquid and solid waste associated with potential development:

- connecting with the planned expanded city treatment plant;
- constructing an on-site package treatment plant; and
- establishing a joint venture with adjacent property owners to develop a jointly used, on-site facility.

Expanded Wastewater Treatment Facility. The cities of Gilroy and Morgan Hill have an approved phased expansion for its existing plant, due to be completed in 1994. This expansion is a prerequisite for further urban development and development for sanitary sewer systems. Recent improvements to the facility have increased capacity from 5.3 million gallons per day (mgd) to 6.1 mgd. The cities of Gilroy and Morgan Hill require a 6.1 mgd capacity to accommodate recent development projects and the cities' continued growth. Ultimate plant capacity necessary to accommodate projected growth to the year 2008 is estimated at 14.9 mgd, serving an estimated population of 142,000. However, the projected capacity is expected to



provide for growth only within the cities' general plan area. Therefore, proposed development of Castro Valley Ranch might not directly benefit from the plant expansion.

Population and industrial growth have resulted in illegal discharges of partially treated wastewater into the nearby Llagas Creek. Failure of the disposal facility to perform up to designed capacity has increased the problems associated with treatment ponds.

Based on the *Long-Term Wastewater Management Plan*, 11 potentially suitable land disposal sites were identified. Of these 11 sites, one is located on the eastern portion of the Castro Valley Ranch. Another is located just north of Castro Valley Ranch and west of Gavilan College.

On-Site Package Treatment Plant. A second alternative source of wastewater treatment is the construction of an on-site package treatment plant, with discharge into Pescadero, Uvas, or Tar Creek. Package treatment plants can serve large areas, such as an entire city and its unincorporated area, or it may serve only an individual development or cluster of uses. Package treatment plants use aeration to speed up bacterial breakdown of organic material and produce better quality effluent than septic systems.

Package treatment plants typically discharge effluent into surface water courses, such as rivers or creeks. Other methods of wastewater disposal include land application and percolation ponds. If it is politically infeasible to receive necessary approval for discharge into the creek, an on-site tertiary treatment facility with on-site land disposal of wastewater would be required.

The City of Gilroy discourages the development of package treatment plants and prefers that new development be required to tie into the municipal sewage treatment plant. Developers are required to pay fees to offset the cost of expanding the sewage system improvements needed to accommodate their development. Fees are paid proportionally to the capacity demanded. Additional expansion would require further environmental review and approval.

Jointly Used Package Treatment Plant. A third alternative for providing wastewater treatment would be to construct a new subcounty package treatment plant to jointly serve future uses of both the Sargent Ranch and the Castro Valley Ranch. The *Sargent Ranch Master Plan*, to be filed for General Plan amendments in January 1992, stipulates provision of a satellite sub-sewer site for the development project. However, the county may prefer to consider a combined specific plan for the two ranches, including plans for adequate infrastructure and services.

## **B. COMMUNITY SERVICES**

As described below, three types of community services are applicable to potential development of the Castro Valley Ranch: law enforcement, fire safety, and schools.



## **1. Law Enforcement**

As an unincorporated portion of the county, the Santa Clara County Sheriff Department provides police protection and services to Castro Valley Ranch; the California Highway Patrol is responsible for traffic on roadways. If the site is annexed, the City of Gilroy Police Department would provide protective services to the site. The City of Gilroy Police Department has one main station, located adjacent to the City Hall, and is currently approaching operating capacity.

## **2. Fire Safety**

Fire protection services to the project site are provided by the Santa Clara County Rural Fire District. If the Castro Valley Ranch is annexed, the City of Gilroy Fire Department would provide fire protection services to the site. This department maintains two fire stations and is currently operating at capacity. Major development of the project site would require provisions of adequate fire protection. In all likelihood, at least one new fire station would be required on the site to serve project residents.

## **3. Schools**

Castro Valley Ranch lies within the Gilroy Unified School District. The district maintains eight elementary schools, one junior high school, and two high schools. Currently, the Gilroy Unified School District is operating over capacity but has land available for three future schools. If the site is annexed to the City of Gilroy, it would remain within this school district. Any major residential development would require provisions of new on-site school facilities to serve project residents.





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## CHAPTER V. REGIONAL ACCESS

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This chapter identifies existing major regional access routes to Castro Valley Ranch and anticipated improvements within the project vicinity.

### A. EXISTING ACCESS OPPORTUNITIES

Castro Valley Ranch is advantageously located at a major crossroad of southern Santa Clara County: U.S. 101/SR 152. Below is a brief description of the existing access opportunities surrounding the project site.

#### 1. U.S. Highway 101

U.S. 101 is part of the north/south interstate freeway network. This highway generally parallels U.S. Highway 1 along the coast and Interstate 5 through the Central Valley. U.S. 101 adjoins the eastern portion of Castro Valley Ranch. Approximately one-quarter mile north of the project site, U.S. 101 is no longer a limited access freeway, but rather a four-lane, conventional highway. As a conventional highway, adjacent property owners are allowed to maintain access drives to their property from the highway.

#### 2. Santa Teresa Boulevard

Santa Teresa Boulevard generally parallels the west side of U.S. 101 and terminates into Castro Valley Road approximately one-quarter mile west of U.S. 101. This roadway is highly travelled and provides an alternative north/south route to Coyote Valley and further north to San Jose.

#### 3. State Route 152

SR 152 is a major east/west highway, connecting coastal cities along Monterey Bay with Central Valley cities along Interstate 5. SR 152 is located approximately four miles north of Castro Valley Ranch. The northwestern portion of the project site is accessible to this highway via Whitehurst Road. SR 152 is presently classified as a state route, although plans to upgrade the highway to an expressway are currently underway (and will be discussed below).

### B. ANTICIPATED IMPROVEMENTS

As illustrated in Figure 7, a number of roadway and interchange improvements and public transit extensions are currently being explored to meet the expanding transportation needs of



county residents and businesses. Implementation of the following improvements will greatly enhance regional access opportunities to Castro Valley Ranch, in both the short- and long-term.

### **1. U.S. Highway 101—Upgrade**

The *Transportation 2010 Plan* proposes to improve and widen U.S. 101 to eight lanes between Cochran Road and SR 152 by the year 2010. This improvement would extend U.S. 101 as a limited access freeway with grade separated interchanges, and is expected to increase capacity and enhance operational and address safety problems. On-grade access to the freeway would be eliminated for adjacent property owners.

### **2. Santa Teresa Boulevard—Upgrade and Interchange**

Three improvements are proposed for Santa Teresa Boulevard. First, Santa Teresa Boulevard would be improved to accommodate projected future traffic volumes. Initially, the road would be widened to four lanes, with subsequent widening to six lanes. Second, Santa Teresa Boulevard would be extended to U.S. 101 from its current terminus at Castro Valley Road. Finally, in conjunction with the roadway extension to U.S. 101, a grade-separated interchange would be constructed at U.S. 101/Highway 25. These improvements would significantly enhance visibility of and improve access to the project site.

### **3. State Route 152—Upgrade and Realignment**

Presently, a number of improvements are being made to the existing SR 152 west of U.S. 101 to enhance safety conditions along certain sections of the roadway. These improvements include widening shoulders, straightening curves, installing guardrails, and constructing median barriers.

Concurrently, Caltrans is studying alternative routes for future improvements to SR 152. Originally, 10 alternatives were evaluated; three alternatives are currently under consideration. Each alignment will significantly improve access to the project site, as well as improve access to southern Santa Clara County and northern San Benito County. As described below, these two alternatives are referred to as A-1A and A-1B, and E.

#### Alternative A-1A

Alternative A-1A proposes construction of a six-lane freeway, with possible interim construction of a four-lane expressway. Alternative A-1A would extend from a newly constructed interchange approximately 1.5 miles south of the U.S. 101/Highway 25 junction on the west to the existing SR 152/SR 156 junction on the east (with a newly constructed interchange). The alignment of the new freeway would be generally parallel to and north of Shore Road. Implementation of this alternative would result in two, full U.S. 101 interchanges along the eastern border of the project site: one at Santa Teresa Boulevard and the other



approximately 1.5 miles south of Santa Teresa Boulevard (at the southern portion of the project site).

#### Alternative A-1B

Alternative A-1B proposes the same roadway and intersection improvements as described in Alternative A-1A; however, Alternative A-1B proposes to align the new freeway generally parallel to and south of Shore Road.

#### Alternative E

Alternative E proposes construction of a six-lane freeway, with possible interim construction of a four-lane expressway. Alternative E would extend from the proposed Santa Teresa Boulevard/U.S. 101 interchange on the west to the existing SR 152/SR 156 junction on the east (with a newly constructed interchange). This alternative proposes to align the new freeway parallel to the existing SR 152. Implementation of this alternative would preclude construction of a second freeway interchange in the southern portion of the project site.

### **4. CalTrain Extension**

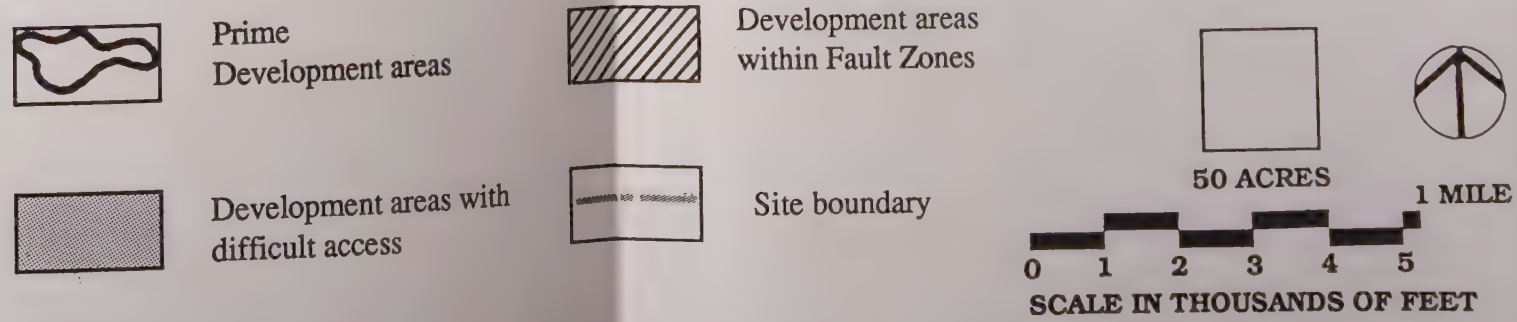
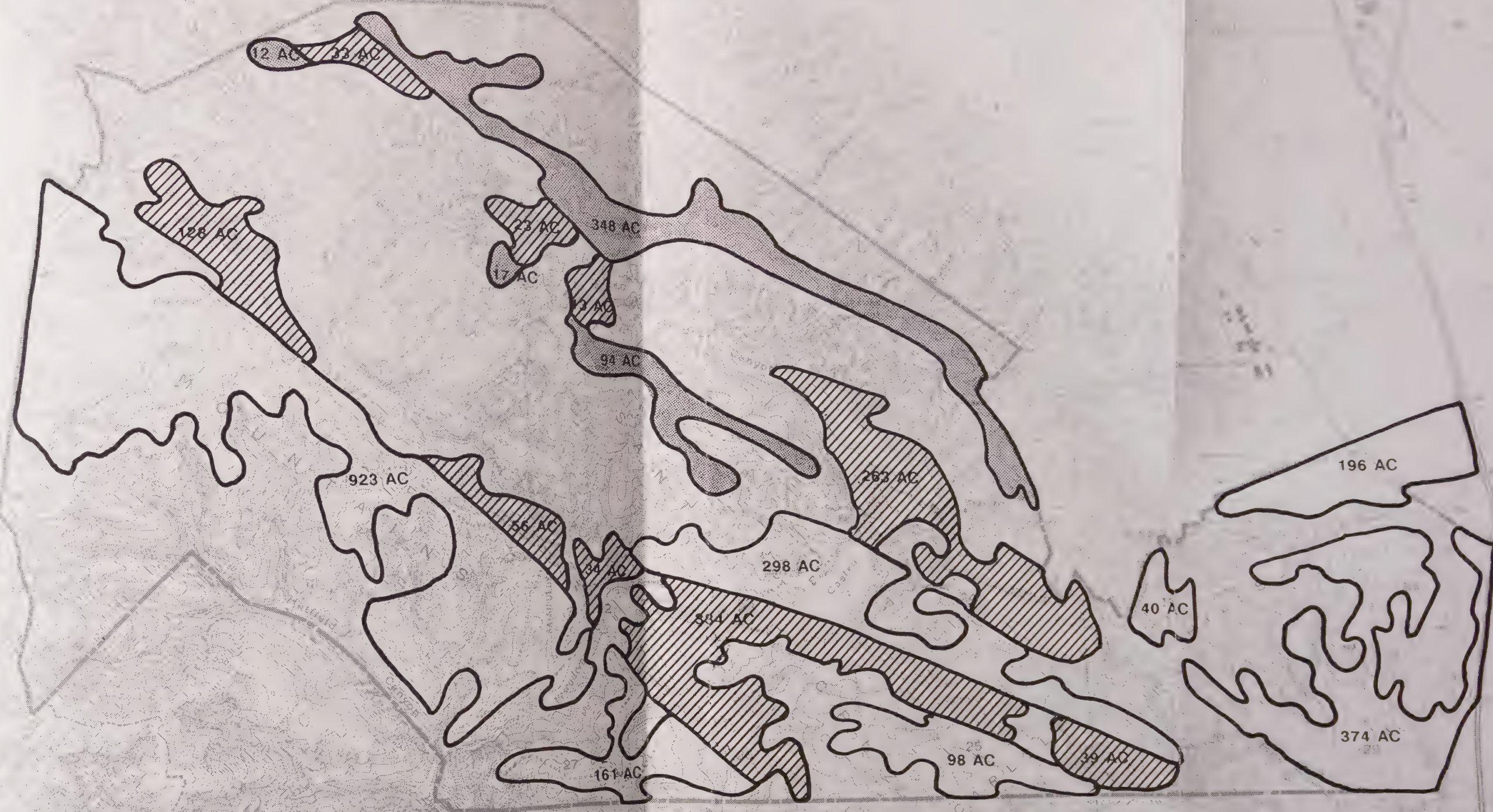
The *Transportation 2000 Plan* proposes to extend commuter service to the south county. This extension would provide approximately 28 miles of service from the Alma Station terminus to Morgan Hill, San Martin, and Gilroy. Eight stations are proposed along the corridor; approximately four to six stations are expected to be constructed when the extended service begins in early 1993. The *Transportation 2000 Plan* identifies this corridor as a future inter-regional rail service network, connecting the San Francisco Bay Area and the Los Angeles region.

### **5. Guadalupe Corridor Light Rail Extension**

The Guadalupe Corridor Light Rail System operates between downtown San Jose and southern San Jose. Currently there is no stated public policy regarding future extensions of this rail line to the Gilroy area. However, as population and employment opportunities increase along the U.S. 101 corridor, the need for light rail service to southern Santa Clara County may increase, warranting further study of a possible light rail extension.





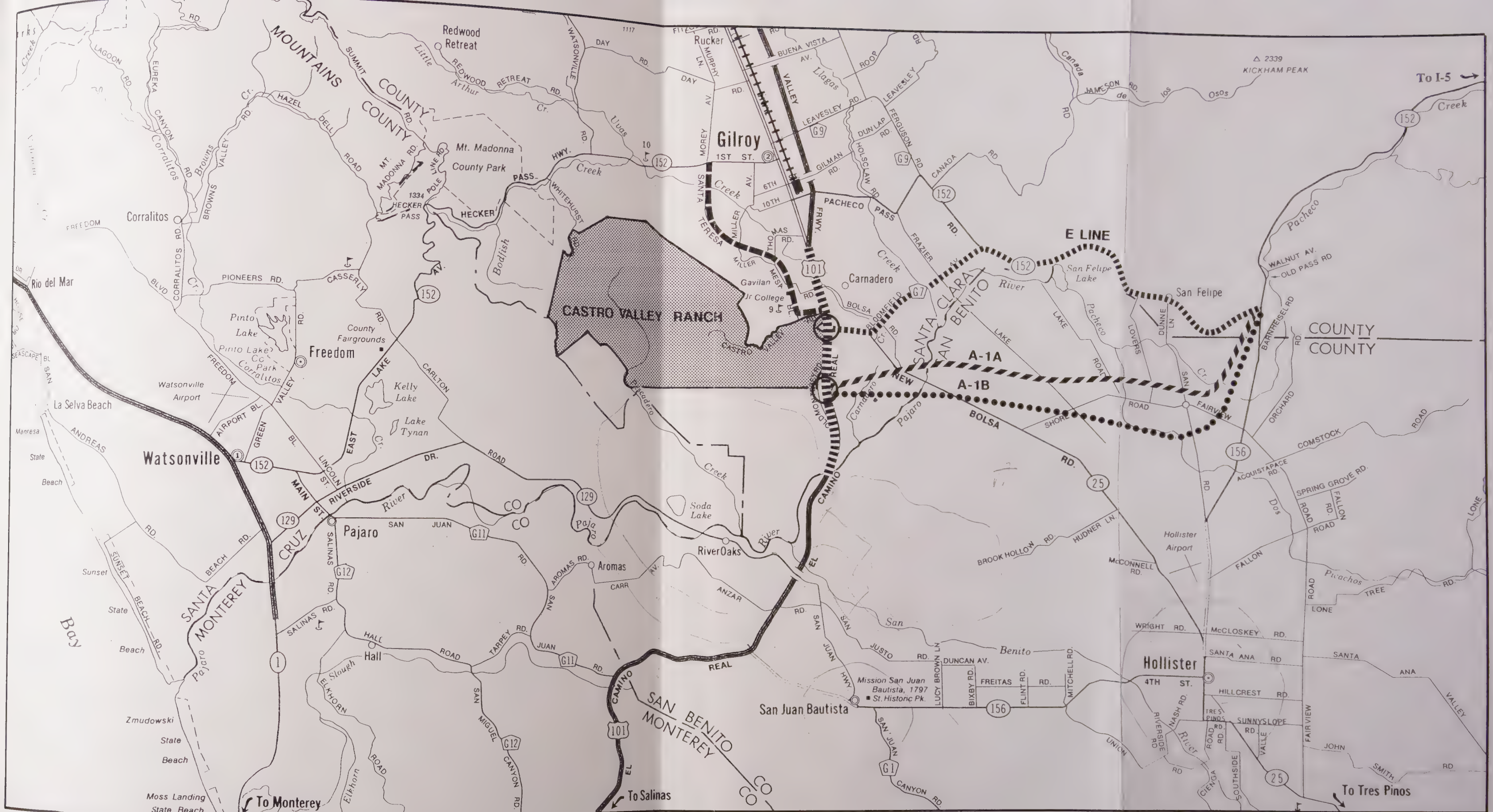


**Figure 5**  
**LAND SUITABILITY**

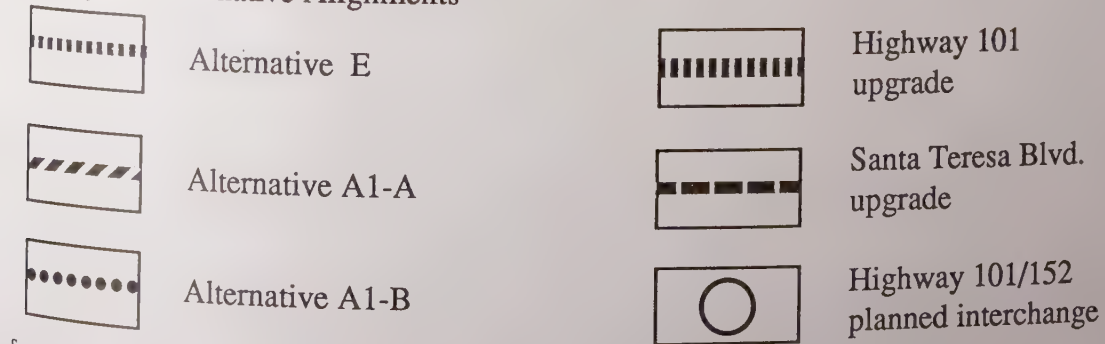
**CASTRO VALLEY RANCH**  
**GILROY, CALIFORNIA**

**SEDWAY COOKE ASSOCIATES**  
Urban and Environmental Planners and Designers





Highway 152 Alternative Alignments



Source: California Department of Transportation

**Figure 7**  
**PROPOSED HIGHWAY**  
**AND CIRCULATION**  
**IMPROVEMENTS**  
**CASTRO VALLEY RANCH**  
**GILROY, CALIFORNIA**

**SEDWAY COOKE ASSOCIATES**  
 Urban and Environmental Planners and Designers



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## CHAPTER VI. ECONOMIC OVERVIEW

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This chapter presents a preliminary market analysis of the development potential of the Castro Valley Ranch, an approximately 8,650-acre parcel which is currently encumbered by the Williamson Act and is zoned for agricultural and ranchland uses, as permitted by the Williamson Act. The Williamson Act promotes the conservation of agricultural land whereby the private property owner enters into a contractual agreement with the county. In return for obtaining a lower property tax base for the land, the owner is obligated to maintain the property as agricultural use for a period of time, usually ten years.

It is the intention of the current owners of the property to explore future uses for the site, during and after its tenure under the development restrictions of the Williamson Act. The future land uses that have been addressed in this cursory market analysis include residential, including for-sale and rental product; recreational, primarily focusing on a golf course(s), equestrian center, and tennis facilities; resort and motel; and vineyard and winery (see Chapter VII, Identification of Potential Uses).

### A. METHODOLOGY

This analysis includes research concerning demographic trends in the market area, demand and supply analyses for residential and golf course uses, a survey of existing and planned hotels and motels in the market area, and research concerning historic trends in the California wine industry. Sources of data include:

- the Association of Bay Area Governments;
- the cities of Gilroy, Morgan Hill, San Jose, and Hollister;
- planning departments of the counties of Santa Clara and San Benito;
- previous studies concerning the subject;
- articles from newspapers and periodicals;
- the National Golf Association;
- the Urban Land Institute;
- The Wine Institute;







- discussions with the winemaker for Chalone Winery; and
- data on file at Sedway & Associates and Sedway Cooke Associates.

This analysis is presented in the format of demographic tables and demand and supply tables for the residential and golf course uses, with brief accompanying text. A more qualitative approach was taken for the remaining uses, which are also discussed in the report. The purpose of the study was to analyze the potential for these uses in a "broad brush" fashion and to make recommendations for more in-depth analyses if appropriate.

## B. INITIAL OVERVIEW

The City of Gilroy is a growing community with a 1991 population of more than 30,000, serving an area with a population close to 40,000. This community has long been thought of as favoring "managed growth," as evidenced by the current planning goals, which will allow the development of only 4,500 housing units during the next 10-year period. The City Council has adopted a policy of keeping the jobs/housing mix equally balanced, with an annual review of residential development applications scheduled in the summer under the Residential Development Ordinance procedures. However, because of sewer capacity restrictions, this review has not occurred since 1984 and will likely not take place again until 1992 or later. In the meantime, no new building permits will be awarded until the sewer capacity problem is solved.

With the restrictions on new development creating an effective building moratorium, pent-up demand for housing in the Gilroy area is increasing. Moreover, new jobs are anticipated to become available after the new sewer system is constructed and commercial development resumes. Consequently, we believe that the jobs/housing balance will become skewed, signaling a need for many more housing units than the current ordinance will allow.

The future growth of California communities similar to Gilroy is predicted to boom, according to David Heenan, a Honolulu businessman and former vice president of academic affairs and dean of the business school at the University of Hawaii. Mr. Heenan's new book<sup>1</sup> tracks a pattern of growth for U.S. corporations from the major cities to quiet cities like Boise, Idaho, and Peoria, Illinois. He believes that in Northern California, the trend will include places like Fresno and Santa Rosa. The author defines the new business frontier town as being more than 50 miles away from a metropolitan area and having a population less than 200,000. Gilroy is a town that generally fits the description, although central San Jose is only 35 to 40 miles north.

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<sup>1</sup> *The New Corporate Frontier.*



With this scenario in mind, Sedway & Associates examined demand for residential development in the market area. A brief survey of existing for-sale and rental housing revealed that more than 50 percent of Gilroy's new residents are employed in the Silicon Valley. The remainder work primarily in Gilroy and Morgan Hill. Thus, for purposes of this analysis, the market area (the area from which most buyers and renters will come) includes all of Santa Clara County.

This analysis includes a review of Santa Clara County's projected economic and demographic trends, particularly for household employment and employed resident trends. To facilitate the analysis, Gilroy and Morgan Hill are in one category and the remainder of the county is in a second.

## **1. Demand**

The following series of tables presents demographic data used in the demand analysis for residences at Castro Valley Ranch. Table 1 presents the Association of Bay Area Governments' (ABAG) estimates for actual and projected household growth for Gilroy and Morgan Hill, the remainder of Santa Clara County, and the Bay Area from 1980 to 2010. Gilroy and Morgan Hill are projected to house approximately 4.5 percent of all Santa Clara County households by 1995, while the county is projected to house almost one quarter of all Bay Area households. Between 1990 and 1995, household growth is projected to be about three times greater in Gilroy and Morgan Hill than in Santa Clara County and the Bay Area.

Tables 2 and 3 present for-sale and rental housing projections generated by household growth, as estimated by ABAG. Between 1990 and 1995, households in Gilroy and Morgan Hill are anticipated to need about 2,400 new homes and 1,700 rental units. During the next 20 years, total new homes needed in these two communities are projected to reach about 11,000 for-sale homes, and 7,700 rental units.

Between 1990 and 1995, Santa Clara County, excluding the cities of Gilroy and Morgan Hill, are projected to need about 19,000 new for sale units and 13,400 rental units, and about 56,600 new for sale housing units and approximately 39,900 rental units during the next 20 years.

Table 4 shows ABAG's employment projections for the communities under discussion. Gilroy and Morgan Hill are expected to provide about 3.6 percent of Santa Clara County's jobs by 1995, and the county is estimated to provide more than one-quarter of Bay Area jobs by then. Again, Gilroy and Morgan Hill are projected to increase their employment bases about three times faster than either the remainder of the county or the Bay Area as a whole from 1990 to 1995, and beyond.

Table 5 presents similar estimates for growth in employed residents. Gilroy and Morgan Hill are expected to house about 4.3 percent of the county's employed residents by 1995. The



**Table 1**  
**Actual and Projected Household Growth**  
**Gilroy and Morgan Hill, Santa Clara County, and San Francisco Bay Area**  
**1980, 1985 1990, 1995, 2000, 2005, and 2010**

Year	Gilroy and Morgan Hill Households (1)		Santa Clara County Households (Excluding Gilroy/Morgan Hill)		Bay Area Households
	Amount	Percent of County	Amount	Percent of Bay Area	
1980	14,843	3.3%	443,676	22.5%	1,970,551
1985	16,980	3.6%	470,800	22.5%	2,095,940
1990	20,000	4.0%	505,900	22.1%	2,284,080
1995	24,090	4.5%	537,860	22.0%	2,445,750
2000	28,070	4.9%	568,590	21.9%	2,595,440
2005	32,850	5.6%	584,640	21.6%	2,706,200
2010 (2)	38,444	6.4%	601,143	21.3%	2,821,687

Years	Gilroy/Morgan Hill		Santa Clara County Households (Excluding Gilroy/Morgan Hill)		Bay Area	
	Increase in Households	Annual (3) Growth Rate	Increase in Households	Annual (3) Growth Rate	Increase in Households	Annual (3) Growth Rate
1980-1985	2,137	2.73%	27,124	1.19%	125,389	1.24%
1985-1990	3,020	3.33%	35,100	1.45%	188,140	1.73%
1990-1995	4,090	3.79%	31,960	1.23%	161,670	1.38%
1995-2000	3,980	3.11%	30,730	1.12%	149,690	1.20%
2000-2005	4,780	3.19%	16,050	0.56%	110,760	0.84%
2005-2010	5,594	3.19%	16,503	0.56%	115,487	0.84%

(1) Includes households within incorporated city limits and the city sphere of influence.

(2) Household figures for 2010 are extrapolated based on ABAG's 2005 projections using the annual growth rate from 2000 to 2005.

(3) The growth rate is compounded annually.

Sources: Projections 90,\* Association of Bay Area Governments; Sedway & Associates.

[house1,kwf,8/91]

19-Sep-91





**Table 2**  
**For-Sale Housing Demand**  
**Generated by Household Growth**  
**1990 – 2010**

<b>Gilroy/Morgan Hill</b>					
	<b>1990–1995</b>	<b>1995–2000</b>	<b>2000–2005</b>	<b>2005–2010</b>	<b>20 Year Total 1990–2010</b>
Projected Household Growth	4,090	3,980	4,780	5,594	18,444
Share of For Sale Housing (1)	56.5%	56.5%	56.5%	56.5%	56.5%
Vacancy Allowance (2)	5.0%	5.0%	5.0%	5.0%	5.0%
Projected For Sale Housing Demand (5–year)	2,432	2,367	2,842	3,326	10,968
Projected For Sale Housing Demand as a Percent of County	11%	11%	23%	25%	16%

<b>Santa Clara County (Excludes Gilroy/Morgan Hill)</b>					
	<b>1990–1995</b>	<b>1995–2000</b>	<b>2000–2005</b>	<b>2005–2010</b>	<b>20 Year Total 1990–2010</b>
Projected Household Growth	31,960	30,730	16,050	16,503	95,243
Share of For Sale Housing (1)	56.5%	56.5%	56.5%	56.5%	56.5%
Vacancy Allowance (2)	5.0%	5.0%	5.0%	5.0%	5.0%
Projected For Sale Housing Demand (5–year)	19,005	18,274	9,544	9,814	56,637

**Notes:**

(1) Derived from the 1988 American Housing Survey for the San Jose Metropolitan Area (Santa Clara County), prepared by the U.S. Bureau of Census. Includes all owner occupied housing except mobile homes.

(2) Allows 5.0 percent vacancy for homeowner mobility and turnover.

Sources: Association of Bay Area Governments, "Projections '90"; U.S. Bureau of Census, U.S. Bureau of Census, "1988 American Housing Survey for the San Jose Region; Sedway & Associates.

[hhgrdem, tab1, kwf, 8/91]

14–Oct–91



**Table 3**  
**Rental Housing Demand**  
**Generated by Household Growth**  
**1990 – 2010**

<b>Gilroy/Morgan Hill</b>					
	<b>1990–1995</b>	<b>1995–2000</b>	<b>2000–2005</b>	<b>2005–2010</b>	<b>20 Year Total 1990–2010</b>
Projected Household Growth	4,090	3,980	4,780	5,594	18,444
Share of Rental Units (1)	40%	40%	40%	40%	40%
Vacancy Allowance (2)	5.0%	5.0%	5.0%	5.0%	5.0%
Projected Rental Housing Demand (5–year)	1,715	1,669	2,004	2,345	7,733
Projected Rental Housing Demand as a Percent of County	11%	11%	23%	25%	16%
<b>Santa Clara County (Excludes Gilroy/Morgan Hill)</b>					
	<b>1990–1995</b>	<b>1995–2000</b>	<b>2000–2005</b>	<b>2005–2010</b>	<b>20 Year Total 1990–2010</b>
Projected Household Growth	31,960	30,730	16,050	16,503	95,243
Share of Rental Units (1)	40%	40%	40%	40%	40%
Vacancy Allowance (2)	5.0%	5.0%	5.0%	5.0%	5.0%
Projected Rental Housing Demand (5–year)	13,399	12,884	6,729	6,919	39,931
<b>Notes:</b> (1) Derived from the 1988 American Housing Survey for the San Jose Metropolitan Area (Santa Clara County), prepared by the U.S. Bureau of Census. Includes all renter occupied housing except mobile homes. (2) Allows 5.0 percent vacancy for tenant mobility and turnover.					
Sources: Association of Bay Area Governments, "Projections '90"; U.S. Bureau of Census, U.S. Bureau of Census, "1988 American Housing Survey for the San Jose Region; Sedway & Associates. [hhgrdem, tab2, kwf, 8/91]					

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**Table 4**  
**Actual and Projected Employment Growth**  
**Gilroy/Morgan Hill and Santa Clara County**  
**1980, 1985 1990, 1995, 2000, 2005, and 2010**

<u>Year</u>	<u>Gilroy/Morgan Hill Employment (1)</u>		<u>Santa Clara County Employment (Excluding Gilroy/Morgan Hill)</u>		<u>Bay Area Employment</u>
	<u>Amount</u>	<u>Percent of County</u>	<u>Amount</u>	<u>Percent of Bay Area</u>	
1980	14,740	2.1%	688,182	27.1%	2,535,155
1985	20,210	2.5%	780,800	28.3%	2,758,170
1990	26,590	3.0%	855,120	27.8%	3,073,280
1995	35,300	3.6%	945,250	27.6%	3,418,900
2000	47,880	4.5%	1,021,930	27.6%	3,705,980
2005	58,340	5.1%	1,087,610	27.5%	3,954,160
2010 (2)	71,085	5.8%	1,157,511	27.4%	4,218,960

<u>Years</u>	<u>Gilroy/Morgan Hill Employment (1)</u>		<u>Santa Clara County Employment (Excluding Gilroy/Morgan Hill)</u>		<u>Bay Area</u>	
	<u>Increase in Employment</u>	<u>Annual (3) Growth Rate</u>	<u>Increase in Employment</u>	<u>Annual (3) Growth Rate</u>	<u>Increase in Employment</u>	<u>Annual (3) Growth Rate</u>
1980-1985	5,470	6.52%	92,618	2.56%	223,015	1.70%
1985-1990	6,380	5.64%	74,320	1.84%	315,110	2.19%
1990-1995	8,710	5.83%	90,130	2.02%	345,620	2.15%
1995-2000	12,580	6.29%	76,680	1.57%	287,080	1.63%
2000-2005	10,460	4.03%	65,680	1.25%	248,180	1.30%
2005-2010	12,745	4.03%	69,901	1.25%	264,800	1.30%

(1) Includes employment within incorporated city limits and the city sphere of influence.

(2) Employment figures for 2010 are extrapolated based on ABAG's 2005 projections using the annual growth rate from 2000 to 2005.

(3) The growth rate is compounded annually.

Sources: "Projections 90," Association of Bay Area Governments; Sedway & Associates.

[temp,kw1,8/91]

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Table 5  
Actual and Projected Employed Residents Growth  
Gilroy/Morgan Hill and Santa Clara County  
1980, 1985 1990, 1995, 2000, 2005, and 2010

Year	Gilroy/Morgan Hill Employed Residents (1)		Santa Clara County Employed Residents (Excluding Gilroy/ Morgan Hill)	
	Amount	Percent of County	Amount	
1980	20,807	3.2%	645,703	
1985	25,200	3.5%	724,900	
1990	30,000	3.8%	785,900	
1995	35,800	4.3%	835,200	
2000	42,300	4.8%	883,000	
2005	50,000	5.6%	900,700	
2010 (2)	59,102	6.4%	918,755	

Increase in Employed Residents	Gilroy/Morgan Hill		Santa Clara County (Excluding Gilroy/ Morgan Hill)	
	Amount	Annual (3) Growth Rate	Amount	Annual (3) Growth Rate
1980-1985	4,393	3.91%	79,197	2.34%
1985-1990	4,800	3.55%	61,000	1.63%
1990-1995	5,800	3.60%	49,300	1.22%
1995-2000	6,500	3.39%	47,800	1.12%
2000-2005	7,700	3.40%	17,700	0.40%
2005-2010	9,102	3.40%	18,055	0.40%

(1) Includes employed residents within incorporated city limits and the city sphere of influence.

(2) Employed residents figure for 2010 is extrapolated based on ABAG's 2005 projections using the annual growth rate from 2000 to 2005.

(3) The growth rate is compounded annually.

Sources: "Projections 90," Association of Bay Area Governments; Sedway & Associates.

[empresid,kwf,8/91]



increase in employed residents in these two communities between 1990 and 1995 is estimated to be about 3.6 percent, or about three times greater than the increase in the remainder of Santa Clara County. Table 6 indicates the ratio of employed residents to households. In 1990, Gilroy and Morgan Hill had approximately 1.5 employed residents per household.

If one housing unit for every 1.5 employed residents were provided, nearly every employee could work near his/her home. The quality of life would improve: air quality would improve, traffic congestion would abate, and communities would achieve a true jobs/housing balance. The pressure on infrastructure would decrease.

Sedway & Associates believes that housing demand is driven by employment more than any other factor. Thus, an alternative analysis of demand, based on growth in employment rather than on ABAG's estimates of household growth alone was conducted. Tables 7 and 8 present housing demand estimates based on employment growth in the subject market area. As indicated, between 1990 and 1995, about 3,500 new homes are expected to be needed in Gilroy and Morgan Hill. During the next 20 years, those numbers climb to about 17,600 for-sale and 12,400 rental units.

The remainder of Santa Clara County is projected to demand about 34,500 for-sale and 24,300 rental units for the period 1990 to 1995, with a total of approximately 115,700 for-sale and 81,600 rental units during the 20-year period.

Thus it is evident that there is a large discrepancy between estimated demand generated by household growth and that generated by growth in the number of jobs. When analyzing demand driven by household projections alone, there is a severe jobs/housing imbalance. The difference is illustrated in Table 9, which shows that the shortfall in demand generated by household growth alone without consideration for employment growth may be as many as 1,700 units in Gilroy and Morgan Hill during the 1990 to 1995 period, or a total of 11,400 units during the next 20 years. Similarly, for Santa Clara County, the shortfall in estimated housing demand during the short-term is projected to be about 26,400 units and, during the 20-year period, as many as 100,800 units.

Demand projections based on employment growth assume that there will be one household per 1.5 employed residents and that all employed residents will work near their homes. In an ideal world, this would be the case; however, in reality, it is likely that a balance between demand based on ABAG projections of household growth and demand based on ABAG projections of employment growth is a more reasonable goal.

## 2. Supply

A survey of planning departments for unincorporated Santa Clara County, the City of San Jose, the City of Gilroy, the City of Hollister and environs, and unincorporated San Benito County provided us with data concerning residential developments in the planning or





Table 6  
Ratio of Employed Residents Per Household  
in Gilroy/Morgan Hill and Santa Clara County  
1980, 1985 1990, 1995, 2000, 2005, and 2010

Gilroy/Morgan Hill				
Year	Jobs (1)	Households (1)	Employed Residents (1)	Employed Residents Per Household
1980	14,740	14,843	20,807	1.40
1985	20,210	16,980	25,200	1.48
1990	26,590	20,000	30,000	1.50
1995	35,300	24,090	35,800	1.49
2000	47,880	28,070	42,300	1.51
2005	58,340	32,850	50,000	1.52
2010 (2)	71,085	38,444	59,102	1.54

Santa Clara County (Excluding Gilroy/Morgan Hill)

Year	Jobs (1)	Households (1)	Employed Residents (1)	Employed Residents Per Household
1980	688,182	443,676	645,703	1.46
1985	780,800	470,800	724,900	1.54
1990	855,120	505,900	785,900	1.55
1995	945,250	537,860	835,200	1.55
2000	1,021,930	568,590	883,000	1.55
2005	1,087,610	584,640	900,700	1.54
2010 (2)	1,157,511	601,143	918,755	1.53

(1) Includes employment, households, and employed residents within incorporated city limits and the city sphere of influence.

(2) Figures for 2010 are extrapolated based on ABAG's 2005 projections using the annual growth rate from 2000 to 2005.

Sources: "Projections 90," Association of Bay Area Governments; Sedway & Associates.

[jobhsg,kwf,8/91]

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Table 7  
For-Sale Housing Demand  
Generated by Marginal Employment Growth  
1990 – 2010

Gilroy/Morgan Hill					
	1990–1995	1995–2000	2000–2005	2005–2010	20 Year Total 1990–2010
Projected Increase in Employment	8,710	12,580	10,460	12,745	44,495
Morgan Hill/Gilroy Employed Residents Per Household (1)	1.50	1.50	1.50	1.50	1.50
Growth in Housing Demand	5,807	8,387	6,973	8,497	29,663
Share of For Sale Housing (2)	56.5%	56.5%	56.5%	56.5%	56.5%
Vacancy Allowance (3)	5.0%	5.0%	5.0%	5.0%	5.0%
Projected For Sale Housing Demand (5–year)	3,453	4,987	4,147	5,053	17,639
Santa Clara County (Excludes Gilroy/Morgan Hill)					
	1990–1995	1995–2000	2000–2005	2005–2010	20 Year Total 1990–2010
Projected Increase in Employment	90,130	76,680	65,680	69,901	302,391
Countywide Employed Residents Per Household (1)	1.55	1.55	1.55	1.55	1.55
Growth in Housing Demand	58,019	49,360	42,280	44,997	194,655
Share of For Sale Housing (2)	56.5%	56.5%	56.5%	56.5%	56.5%
Vacancy Allowance (3)	5.0%	5.0%	5.0%	5.0%	5.0%
Projected For Sale Housing Demand (5–year)	34,501	29,352	25,142	26,758	115,753

Notes:

(1) Represents the 1990 ratio of number of employed residents per household in Santa Clara County and Gilroy/Morgan Hill, as derived in Table 6

(2) Derived from the 1988 American Housing Survey for the San Jose Metropolitan Area (Santa Clara County), prepared by the U.S. Bureau of Census. Includes all owner occupied housing except mobile homes.

(3) Allows 5.0 percent vacancy for homeowner mobility and turnover.

Sources: Association of Bay Area Governments, "Projections '90"; U.S. Bureau of Census, "1988 American Housing Survey for the San Jose Region, Sedway & Associates

[empdem, tab1, kwf, 8/91]

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Table 8  
Rental Housing Demand  
Generated by Marginal Employment Growth  
1990 – 2010

Gilroy/Morgan Hill					
	1990–1995	1995–2000	2000–2005	2005–2010	20 Year Total 1990–2010
Projected Increase in Employment	8,710	12,580	10,460	12,745	44,495
Morgan Hill/Gilroy Employed Residents Per Household (1)	1.50	1.50	1.50	1.50	1.50
Growth in Housing Demand	5,807	8,387	6,973	8,497	29,663
Share of Rental Units (2)	40%	40%	40%	40%	40%
Vacancy Allowance (3)	5.0%	5.0%	5.0%	5.0%	5.0%
Projected Rental Housing Demand (5–year)	2,434	3,516	2,924	3,562	12,436

Santa Clara County (Excludes Gilroy/Morgan Hill)					
	1990–1995	1995–2000	2000–2005	2005–2010	20 Year Total 1990–2010
Projected Increase in Employment	90,130	76,680	65,680	69,901	302,391
Countywide Employed Residents Per Household (1)	1.55	1.55	1.55	1.55	1.55
Growth in Housing Demand	58,019	49,360	42,280	44,997	194,655
Share of Rental Units (2)	40%	40%	40%	40%	40%
Vacancy Allowance (3)	5.0%	5.0%	5.0%	5.0%	5.0%
Projected Rental Housing Demand (5–year)	24,324	20,694	17,726	18,865	81,609

Notes:

- (1) Represents the 1990 ratio of number of employed residents per household in Santa Clara County and Gilroy/Morgan Hill, as derived in Table 6
- (2) Derived from the 1988 American Housing Survey for the San Jose Metropolitan Area (Santa Clara County), prepared by the U.S. Bureau of Census. Includes all renter occupied housing except mobile homes.
- (3) Allows 5.0 percent vacancy for tenant mobility and turnover.

Sources: Association of Bay Area Governments, "Projections '90"; U.S. Bureau of Census, "1988 American Housing Survey for the San Jose Region, Sedway & Associates  
[empdem, tab2, kwf, 8/91]

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**Table 9**  
**Housing/Jobs Balance**  
**For All Housing Types**  
**Subject Market Area**  
**1990 – 2010**

<b>Gilroy/Morgan Hill</b>				
	<b>Increase in Projected Employment (1)</b>	<b>Housing Demand Based on Increase in Households (2)</b>	<b>Housing Demand Based on Increase in Employment (4)</b>	<b>Difference – ABAG Projected Household Growth and Housing Demand Based on Employment Growth</b>
1990–1995	8,710	4,147	5,887	(1,741)
1995–2000	12,580	4,035	8,503	(4,468)
2000–2005	10,460	4,846	7,070	(2,224)
2005–2010	12,745	5,672	8,615	(2,943)
<b>Total</b>	<b>44,495</b>	<b>18,700</b>	<b>30,076</b>	<b>(11,375)</b>

<b>Santa Clara County (Excludes Gilroy/Morgan Hill)</b>				
	<b>Increase in Projected Employment (1)</b>	<b>Housing Demand Based on Increase in Households (2)</b>	<b>Housing Demand Based on Increase in Employment (3)</b>	<b>Difference – ABAG Projected Household Growth and Housing Demand Based on Employment Growth</b>
1990–1995	90,130	32,404	58,825	(26,421)
1995–2000	76,680	31,157	50,047	(18,890)
2000–2005	65,680	16,273	42,867	(26,594)
2005–2010	69,901	16,733	45,623	(28,890)
<b>Total</b>	<b>302,391</b>	<b>96,567</b>	<b>197,362</b>	<b>(100,795)</b>

Notes: (1)Based on ABAG projections. See Table 4.

(2)See Tables 2 and 3.

(3)Assumes 1.55 employed residents per household. See Tables 6, 7 and 8.

(4)Assumes 1.50 employed residents per household. See Tables 6, 7 and 8.

Sources: Association of Bay Area Governments, "Projections '90"; U.S. Bureau of Census, U.S. Bureau of Census, "1988 American Housing Survey for the San Jose Region, Sedway & Associates

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conceptual stages of development. In looking toward the long-range future it is difficult to accurately estimate the number of new homes that might be constructed. However, estimates include several large-scale planned developments that have been discussed with planning departments, even though there is no certainty of obtaining approvals. Remaining phases of developments currently under construction have also been involved. Table 10 presents detail concerning the planned projects. At this time, preliminary estimates indicate a total of 27,762 new housing units may be supplied in the market area through the year 2010. Although San Benito County was not included in the demand analysis, it has been included in the supply estimates because San Benito County will draw some of the demand that will be generated in the more immediate market area, especially if homes are not available for these residents within the market area.

### 3. Remaining Demand

Table 11 presents the total estimated demand for housing for the market area during the next 20 years. After subtracting the estimated supply of new housing, the remaining demand estimates indicate a strong need for more housing than is currently being planned. Sedway & Associates have presented an estimate of remaining demand based on ABAG's household growth projections as well as an estimate of remaining demand based on ABAG's employment growth projections. The most conservative scenario indicates that there will be a shortfall of 87,506 new housing units during the 20-year period. The alternative scenario, which may be more relevant, indicates a shortfall of 199,676 residential units in the market area.

Based on the analysis conducted thus far, it appears that there will be sufficient demand in the subject market area for many homes to be constructed at Castro Valley Ranch. A more refined market study needs to be conducted in order to determine the appropriate unit mix, pricing, and demand by affordability at each price point, ratio of for-sale single-family detached, condominium, and townhome versus rental apartments, design features, amenities, target buyers, and other considerations. Sedway & Associates has determined that sufficient demand in the area exists to warrant further study of this land use.

### C. CONCLUSIONS

- The 8,650-acre Castro Valley Ranch presents a unique opportunity to develop a mixed-use project in the path of growth in one of the fastest-growing areas of the United States. Moreover, it is located near one of the most rapidly growing cities in the Bay Area. While sewer capacity deficiencies have created an effective building moratorium in the short-term, pent-up demand for residential and commercial space continues to increase during this period of development inactivity. According to projections by ABAG, Gilroy and Morgan Hill, in addition to San Jose, will outpace growth in most other parts of the Bay Area. Gilroy and Morgan Hill are projected to increase their population and employment bases three times faster than Santa Clara County and the Bay Area during the next 20 years.





**Planned and Proposed Residential Developments  
In the Gilroy Market Area (1)  
August 1991**

<b>Name/Location</b>	<b>Developer</b>	<b>Building Type</b>	<b>Number of Units</b>	<b>Status (1)</b>	<b>Comments</b>
<b><u>City of Gilroy</u></b>					
William Lyon & Co. Santa Theresa/Hecker Hwy.	William Lyon & Co.	Sing. Family	76	UR	Seeking G.P. amendment.
Arcadia Santa Theresa/Hecker Hwy.	Arcadia	Sing. Family	76	UR	Seeking G.P. amendment.
Long Meadows Santa Theresa/Long Meadow	Ted Shaw	Sing. Family	550	Approved	Waiting for sewer approvals.
Glen Loma Ranch Santa Theresa/Uvas Creek	Filice Family Estates	Sing. Family	1,500	UR	Seeking G.P. amendment.
Shapell Santa Theresa Exp.	Shapell	Sing. Family/ Golf Course	850	UR	Seeking zoning change.
Country Estates Mantely Drive	Pyramid	Sing. Family	360	Built/UC	Only 11 sales. Has sewer permits for 130. Total of 371 units when built out. Adjacent to city golf course.
<b><u>City of Morgan Hill</u></b>					
Silicon Valley Dev. Chargin Dr.	Silicon Valley Dev.	Sing. Family	11	Approved	
Diana Estates Partners Diana Ave.	Diana Estates Partners	Sing. Family	82	Approved	
Jamina Investments Hale Ave.	Jamina Investments	Multi-family	11	Approved	
Charles Davidson Uagas Rd.	Charles Davidson	Sing. Family	75	UR	Project is currently being reviewed by architectural review board.
J.L. Schilling East Main Ave.	J.L. Schilling	Sing. Family	60	Approved	
Nick D'Ambrosio Hill Road	Nick D'Ambrosio	Sing. Family	13	UR	Project is currently being reviewed by architectural review board.
Natasha Wist Diana Ave.	Natasha Wist	Sing. Family	10	UR	
J.L. Schilling East Main Ave.	J.L. Schilling	Sing. Family	57	Approved	
Old Orchard Co. Watsonville Rd.	Old Orchard Co.	Sing. Family	78	UR	
Nick D'Ambrosio Conte Court	Nick D'Ambrosio	Sing. Family	11	UR	
Abe Betpolice Sunnyside Ave.	Abe Betpolice	Sing. Family	32	UR	



Table 10 - Page 2 of 2  
**Planned and Proposed Residential Developments  
 In the Gilroy Market Area (1)  
 August 1991**

Name/Location	Developer	Building Type	Number of Units	Status (1)	Comments
<b>City of Morgan Hill (Continued)</b>					
Doug Van Horn East Main St.	Doug Van Horn	Sing. Family	37	UR	
Gary Walton Taylor Ave.	Gary Walton	Sing. Family	21	UR	
Arcadia Dev. Hill Road	Arcadia Dev.	Sing. Family	17	UR	
Lou Tersini Watsonville Rd	K.T. Properties	Sing. Family	34	UR	
J.L. Schilling Santa Theresa	J.L. Schilling	Sing. Family	33	UR	
J.L. Schilling Santa Theresa	J.L. Schilling	Sing. Family	24	UR	
<b>Santa Clara County (South)</b>					
Nellis Pleasant Crest Dr.	Nellis	Sing. Family	22	UR	
Seargent Ranch Santa Theresa	NA	Golf Course/ Sing. Family		Conceptual	Very long-range project. Number of units planned is not available.
<b>South San Jose</b>					
South San Jose Projects (currently selling units)	Various	Single-Family/ Multifamily	722	UC	Various projects in South San Jose currently marketing product. This total reflects unsold units in inventory and future phases of projects yet to be developed.
Silver Creek - SFD Silver Creek- MF	Shea Homes	Single-Family Multifamily	1,223 327	UC UC	Planned development with an 18-hole golf course.
Cerro Plata		Single-Family	550	UR	Planned development with an 18-hole golf course.
<b>Hollister</b>	Various	Single-Family/ Multifamily	4,200	UR	Total reflects units under review by the city planning department at this time. The planner indicated that most of the projects under review are single-family. Currently, the city has an ordinance limiting growth to 350 new units per year.
<b>San Benito County (Planned Cities)</b>					
Rancho San Benito			8,500	Conceptual	
Fairview East			2,500	Conceptual	
Fairview West			1,200	Conceptual	
Paicenes Ranch Resort			4,500	EIR	
<b>Total Planned Suply</b>			<b>27,762</b>		

Notes: (1) The residential market area is defined as Gilroy, Morgan Hill, South San Jose, Hollister, Northern San Benito County, and Southern Santa Clara County.  
 (2) UR - Under Review  
 UC- Under Construction

Sources: Gilroy, San Jose, Hollister, Santa Clara County, and San Benito County, Planning Departments; SL State Associates; Sedway & Associates.  
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**Table 11**  
**Total Supply and Demand Estimates**  
**Subject Market Area (1)**  
**1990 – 2010**

	Demand Estimates Based on Household Growth (ABAG) (2)	Demand Estimates Based on Marginal Employment Growth (3)
<b><u>Demand</u></b>		
Total For--Sale Housing Demand	67,604	133,392
Total Rental Housing Demand	47,663	94,046
<b>Total Demand</b>	<b>115,268</b>	<b>227,438</b>
<b><u>Potential Supply</u></b>		
Market Area Planned Projects (Estimated)	27,762	27,762
<b>Estimated Demand 1990 – 2010</b>	<b>87,506</b>	<b>199,676</b>

Notes: (1)The residential market area is defined as Gilroy, Morgan Hill, South San Jose, Hollister, Northern San Benito County, and Southern Santa Clara County  
(2)See Tables 2 and 3.  
(3)See Tables 7 and 8.

Sources: Association of Bay Area Governments, "Projections '90"; U.S. Bureau of Census, "1988 American Housing Survey for the San Jose Region, Santa Clara County Planning Department, San Benito County Planning Department; Gilroy Planning Department; San Jose Planning Department; Morgan Hill Planning Department; Hollister Planning Department; Sedway & Associates  
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- When measuring demand for residential units based on ABAG projections of household growth, Sedway & Associates found that estimated demand will exceed supply for all housing types in the subject market area by about 87,500 units during the next 20-year period. Alternatively, when measuring demand by growth in employment in the market area, the remaining demand for housing during this period will reach about 199,700 units. Thus, the potential for development of a variety of residential types and price ranges is strong.



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## CHAPTER VII. IDENTIFICATION OF POTENTIAL USES

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The purpose of this chapter is to identify of range of potential land use's for the Castro Valley Ranch that are appropriate for consideration and further analysis, both in the near- and long-term. The alternatives presented below are selected based upon a cursory analysis of existing site conditions, economic potential, and accessibility factors. These alternative uses, conceptually illustrated at the end of the chapter in Figures 9 through 15, are intended to provide a number of options and not a final solution for the ultimate development of the site.

### A. NEAR-TERM DEVELOPMENT POTENTIAL

The development potential for the near term is limited by the existing zoning and provisions of the Williamson Act governing land within the agriculture preserve. Uses permitted under the present restrictions include:

- ranch lands, and agriculture uses;
- residential uses incidental to agricultural uses;
- accessory structures incidental to agricultural uses;
- recreational uses (riding, fishing, hunting, trails, and shooting ranges); and
- utilities, quarrying, and surface mining.

#### 1. Agricultural Uses—Vineyard and Winery

All present agricultural uses may continue in the current operations and may be expanded on, with certain restrictions for agricultural production and sound land management. Thus, the existing ranching and grazing operations may continue and the number of cattle on the land increased within the limits of the grasslands available for cattle production. Similarly, crops of all kinds can be farmed on the property.

One of the allowable uses under the Williamson Act is a vineyard. This use might provide income to the property while it is encumbered by the Act, as well as enhance the future value of the site for residential development in the vicinity of the vines. A vineyard would be compatible with future residential, recreational and commercial uses and would provide a sophisticated image and character if future residential development were to occur. Many homesites may be found near vineyard areas in the Napa and Sonoma valleys; development in





these areas is often marketed with the potential for buyers to plant vines on the home lots they purchase. Construction of a winery may also add further value to the homes by creating a special identity related to estate bottled wine near a place of residence. Several wineries already exist in the area along Hecker Pass Road in San Martin, Gilroy, and Morgan Hill.

The altitude of the property in the central and western areas of the ranch tend to be cooler than the lower valley floor. The soils and climatic conditions suggest that some types of premier grape production may be possible in these upper locations, such as Chardonnay, Pinot Noir, and White Riesling.

Grape production usually requires three or four years of vine growth before grape harvesting of any quality and quantity can be obtained, plus vineyards require large quantities of water available for spraying on the vines to protect them during early frosts. The development of a full-scale Winery is also a substantial investment and may not be cost effective in the early years. However, it may be possible to grow grapes on the ranch and sell them to local wineries until a winery can be developed on-site.

While the investment for wine production is substantial, and while the wine market has been faced with a recent decline in volume of sales, the number of acres of prime agricultural lands for vineyards in the state have continued to increase in recent years. All available prime grape growing lands in the Napa and Sonoma Valleys continue to be in high demand. The Castro Valley Ranch should be studied seriously for potential high quality grape production.

Discussions with Mr. Wade Stephenson of The Wine Institute in San Francisco revealed that while the wine industry in California is currently undergoing a downward trend, it is likely that this is only a temporary phenomenon that will level off in the short term. Figure 8 presents a graphic illustration of historic California wines sales trends in the United States and foreign markets since 1934. This figure clearly indicates that there has been strong growth in the industry; recent events have caused only a mild downward trend when compared with overall growth. The economic recession, coupled with the newly instituted wine sales tax increase, have created the recent slump in sales, according to Mr. Stephenson. He believes that the damage has been done, that sales will level off in the coming year, and then slowly rise again in the near to mid term.

Before a decision can be made to plant vines at the site, it will be necessary to conduct a soils analysis to determine the potential for producing high quality grapes and the exact variety of grapes that can be supported.

A feasibility analysis for vineyards and a winery is beyond the scope of this study. However, if the vineyards can be physically supported by the land, they have the potential to provide a lovely amenity that will aid in the marketing of the entire development. The winery will further add to the value of the land and serve as a focal point for the vineyard orientation of a portion of the site. For this reason, the feasibility of the vineyard and winery should not be



analyzed solely as a "stand alone" development scenario. They should also be analyzed as a part of the whole development to ascertain how they might add value to other aspects of the development plan. Sedway & Associates recommends that further market demand analyses and feasibility studies be conducted as part of phase two of this preliminary analysis.

## 2. Equestrian Center

Equestrian uses, riding stables, and riding trails are presently permitted under existing county zoning and Williams Act provisions. Currently, a equestrian center is operating on the Castro Valley Ranch in the eastern area just off U.S. 101 and Old Monterey Road.

An expanded equestrian facility for english- and western-style horseback riding, jumping, and horse shows is a possible near-term use for the Castro Valley Ranch. Many of the existing barns and facilities can be used as expanded equestrian facilities and the topography and scenic character of the ranch lend themselves to recreational horse trails and recreational riding.

The inclusion of an equestrian center at the site seems natural because the subject property is a ranch with thousands of acres of open space, located in a community with many horses. Riding is a custom in the area and, is also an increasingly popular sport in the United States. All segments of society enjoy the sport and most can afford to participate, be it be by personal ownership of a horse(s) or fee-based riding time at an equestrian center.

Buying a horse can cost as much as \$5,000 or more, stabling it at a prestigious riding club can cost another \$1,800 in annual dues, plus an initiation fee of approximately \$2,000 and another \$3,600 in annual boarding charges. Alternatively, if it is possible to rent a horse at a public stable or equestrian center, wear simple, practical riding clothing, and take occasional private lessons for about \$25 to \$40 per hour.<sup>2</sup> A combination of private boarding and public rental of horses through an equestrian center at the site would meet most demands.

By its very name, Castro Valley Ranch suggests riding and western activities. Currently it lies at the edge of urban development; yet, urban development will soon surround the property and will likely be included within its boundaries. Thus, the concept of a "dude ranch" style equestrian center (with a wild west theme) is likely to be less appropriate than the development of a more sophisticated approach to riding. Moreover, if a resort and/or golf course are developed at the site, it is important to integrate the recreational activities in a cohesive manner. An emphasis on riding can work well with a complementary golf use if a central theme is present throughout the development. Thus a modern equestrian emphasis, with perhaps polo added at some later time, will be likely to appeal to the same market

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<sup>2</sup> According to a recent article in *Vogue* magazine.





segment seeking to play golf and tennis, even though they may never get on the back of a horse.

It is likely that a condition of approval for development of the site will be the dedication of many acres of open space for preservation and public use, which could provide a unique opportunity to develop extensive riding trails throughout the property. Possibly the trails could possibly be fully or partially maintained with public funds, increasing the economic benefits of providing an equestrian center for public and private use, much like the semi-private golf course concept. Moreover, it is possible that such a use might be acceptable under the Williamson Act, and the equestrian center could be developed along with the golf course in advance of any other development (except perhaps a tennis facility) at the site. Such amenities would add value to real estate development that would follow.

### Conclusion for an Equestrian Center

Sedway & Associates believes that development of an equestrian center is a suitable and practical use for the site and that it could provide economic benefits to the site. If it can be developed while the parcel is encumbered by the Williamson Act, it should be developed in conjunction with the golf course, assuming that a golf course is developed.

The riding facility is in keeping with the ranch use of the site and will preserve the tradition of the property. It should be developed with the future use of the site in mind and marketed to a broad segment of the population, both local- and visitor-oriented. A central theme should unite all the recreational, residential, and resort uses at the site. An equestrian use could be a key to that theme, although it should be slanted toward the next century and not the "Old West."

Phase two of this study should include a market feasibility study of an equestrian center for the site, including an estimate of future supply of such facilities and how such a use might enhance the value of the real estate development at the site. Preliminary market findings conclude that there is strong potential for this use.

### **3. Golf Course and Tennis Center**

This section examines the potential for the development of a golf course(s) as the focal point for a recreational component of the site. In addition to the golf course use, there is evidence that an equestrian center and tennis facility would be attractive elements to augment the recreational use and to create a critical mass and synergy for the whole concept.

A number of recreational uses are presently permitted under the county policy provisions governing Williamson Act lands. Permitted recreational uses include public or private fishing or hunting clubs, rifle and pistol ranges, trap or skeet fields, archery ranges, and other similar uses. Golf courses and tennis clubs are not specifically mentioned as compatible uses for



Williamson Act lands; however, Santa Clara County has discretionary power to change the list of compatible uses and could include golf courses and tennis clubs.

County officials should be contacted to determine if the county would consider adding golf courses and tennis clubs to the list of compatible uses on Williamson Act lands.

### Golf Course

According to the Urban Land Institute (ULI), the number of active golfers in the nation has tripled since 1960, yet the number of golf facilities has only doubled in the same period. Today, approximately 21 million golfers play nearly half-a-billion rounds every year on more than 13,000 courses, or an average of 24 rounds per player. Originally a game reserved for the elite, golf has more recently become accessible to the general public through the development of courses open to the public. In fact, public courses currently outnumber members-only clubs. Nonetheless, golf has maintained a certain social distinction, which has helped it boost the sales of nearby real estate development. A golf course is perceived as an amenity even by those who do not actively participate in the sport.

Although the costs of developing and operating a golf course are not insignificant, the premium prices paid for lots and homes with fairway frontage and the marketing advantage of a golf course community usually greatly exceed course construction and operating costs. Thus, homes developed around a course benefit greatly from its presence. Moreover, some developers are striving for a stronger link between golf and other recreational amenities, such as bicycle and running trails, equestrian trails, and tennis facilities. These additions further enhance the economic benefits to the developer. In today's climate of rising costs, existing golf clubs are turning to real estate development as a means of assuring the survival of the course and club.

Golf courses are developed for a variety of purposes, including the support of various types of real estate projects. The most basic distinction is between privately owned and municipally owned courses. Privately owned courses may be limited to play by members of a private club, or may be open to the public for a daily fee. Either one, private club or daily fee, may be associated with real estate ventures, from a primary home community to a destination resort. Real estate ventures will often combine aspects of both private club and daily fee courses.

Private Clubs. Golf clubs are generally composed of 200 to 500 members who pay an initial fee and annual dues to support the capital and operating expenses. The initial fee can carry with it a portion of the club's equity ownership or may simply be an initiation fee, required for membership, but not representing an ownership interest. Clubs are usually organized as non-profit entities.





In 1953, private clubs accounted for about 60 percent of all U.S. courses. Since then, their proportion has shrunk to about one-third. However, many real estate-oriented clubs are structured around private ownership, especially as a project matures. In a course's early years it may be open to the public as a daily fee facility to help market the real estate products and support the operating costs. During the life of the project, such a course may continue to operate on a daily fee basis, owned by the membership as an equity club or owned by the developer (or a third party) and operated as a membership facility. When the recreational facilities are transferred to project residents, however, the golf course will usually become private. Conversely, some private clubs are turning to real estate development as a means of saving their aging and increasingly expensive facilities.

Daily Fee Courses. ULI's research indicates that today there are more daily fee courses than any other type. However, relatively few daily fee courses are being built as stand-alone business operations, although such arrangements may be successful in strong markets. Like private clubs, most are associated with real estate projects. In the 1950s and the 1960s, when land costs, development costs, and operating costs were all relatively low, it was often feasible to tap the growing demand for golf with a daily fee course. Owners received revenues from daily fees and golf cart rentals, pro shop sales, and food and beverage operations. While many of these businesses remain successful, rising costs and stabilizing demand have made the daily fee golf business much less feasible in most areas without some sort of real estate operation to help generate revenues and offset expenses. In some areas, sharply higher green fees and cart rental fees can help produce profits.

#### Development Related to Golf Courses

Various development scenarios have evolved around golf courses, including single-family primary housing, mixed-use communities including primary, secondary, and semi-retirement housing, and resorts. Resort development will be discussed in the next section of the report.

Primary Home Communities. The prototypical golf course community, with single-family primary housing lining the fairways, has largely been replaced by projects that also included some multifamily housing. However, the subject market area heretofore has expressed a strong preference for single-family housing, and this is likely to be the housing type that would prove most successful in areas of Castro Valley Ranch with optimal golf course orientation and views.

Home developers are motivated to include a golf course because premium prices can be attained for golf course lots and housing units, plus it provides a distinct marketing advantage. Assuming a strong match between the golfing market and the housing market, additional housing units will also help ensure activity and revenues for the golf course.

In the most common strategy, the developer builds a golf course early in the site development process. This phasing aims to provide a strong image for the project in the local market and





to assure early buyers that the planned amenities are on schedule. The developer owns and operates the course, retaining control during its maintenance and management. As the project approaches completion, the facilities are typically transferred or sold to the residents, often represented by a homeowners' association. This process usually includes some transition period during which the developer will gradually yield operational control to the residents.

Mixed Communities: Primary, Secondary, Retirement. Today it is an unusual golf development that contains only one type of residential use, such as single-family homes or apartments. In many areas of the country, a residential golf project will commonly contain primary homes, vacation residences, a resort hotel, and luxury condominiums sold to investors and rented on a seasonal basis. This kind of project's market might include retired people, young professional couples, "empty nesters," and resort golfers. The site's vastness and variety of topography lend it the potential for development of a variety of housing types, with the ability to reserve the best views for upscale single-family units, while offering alternative sites for communities of more densely clustered housing.

### Golfing Demand and Supply

Sedway & Associates conducted a preliminary assessment of demand for public and private golf courses in the market area. Generally, the primary market area for golf courses is within about a 40-minute driving distance. The secondary market areas extend beyond a distance of more than 40 minutes because there is usually an insufficient number of golf courses to satisfy the demand, and the existing golf courses are overcrowded. Thus, for purposes of this analysis, the overall market area is defined as Santa Clara County, Santa Cruz County, and San Benito County. Phase two of this study would include a refinement of the market area into primary and secondary segments.

Table 12 presents an analysis of demand for public and private golf rounds of play in the subject market area. Estimates of population are derived from the National Planning Data Corporation and then multiplied by the average propensity of Californians to play golf, which is based on data from the National Golf Foundation (NGF). Thus, the product of these two figures becomes the estimated golfer population for the market area. The golfer population is further multiplied by the percentage of public rounds or private rounds demanded, as derived from the NGF, and that product equals the total public or private golfer population. This figure is further multiplied by the average number of rounds per public or private golfer and presents an estimate of the total rounds of golf demanded for public golf course play as well as for private golf course play. Table 13 presents supporting data for the figures used in Table 12, and includes a listing of all of the existing golf courses in the subject market area. Further detail concerning existing market area golf courses can be found in the Appendix.

Table 12 indicates the estimated demand for rounds of golf in today's market in the year 2010. In 1991, there is demand for about 2,367,000 rounds of public golf play and about 1,465,000 rounds of private golf play. By 2010, however, the demand is anticipated to reach about



Table 12  
Potential Public and Private Golf Demand  
Subject Market Area (1)

	1991	2010
<b>Public Rounds</b>		
Population (2)	1,789,087	2,151,081
X Average Propensity to Play Golf (3)	10.5%	10.5%
= Estimated Golfer Population	187,854	225,863
X Percentage of Public Rounds (3)	70%	70%
= Estimated Public Golfer Population	131,498	158,104
X Average Rounds Per Public Golfer (3)	18	18
<b>= Potential Public Rounds</b>	<b>2,366,962</b>	<b>2,845,880</b>
<b>Private Rounds</b>		
Population (2)	1,789,087	2,151,081
X Average Propensity to Play Golf (3)	10.5%	10.5%
= Estimated Golfer Population	187,854	225,863
X Percentage of Private Rounds (3)	30%	30%
= Estimated Private Golfer Population	56,356	67,759
X Average Rounds Per Private Golfer (3)	26	26
<b>= Potential Private Rounds</b>	<b>1,465,262</b>	<b>1,761,735</b>
<b>Total Public and Private Rounds</b>	<b>3,832,224</b>	<b>4,607,615</b>

Note: (1) For purposes of this analysis the subject market area is defined as Santa Clara, San Benito, and Santa Cruz Counties.

(2) Estimated 1991 population in Santa Clara, San Benito, and Santa Cruz Counties based on National Planning Data Corporation. The 2010 population is based on estimated 1991 population inflated by the compound annual growth rate projected by various government agencies as follows: Santa Clara County by ABAG (.83% annual population growth); Santa Cruz County by AMBAG (1.55% annual growth); and San Benito County by NPDC and Sedway & Associates (estimated annual population growth of 2.5% ).

(3) Derived from National Golf Foundation estimates.

Sources: National Golf Foundation; National Planning Data Corporation; Association of Bay Area Governments (ABAG), "Projections 90"; Association of Monterey Bay Area Governments (AMBAG), "1987 Regional Population and Employment Forecast"; Sedway & Associates





Table 13  
Summary of Rounds of Golf Played  
Subject Market Area

Golf Facility	Number of Holes	Actual Rounds (1989)	Estimated Rounds
<b>Regulation Public Courses</b>			
Pajaro Valley Golf Club	18	NA	70,000
Pleasant Hills Golf and Country Club	18	65,000	
Ridgemark Golf Course	36	100,000	
Riverside Golf Course	18	85,000	
San Jose Municipal Golf Course	18	108,000	
Santa Teresa Golf Club	18	95,000	
Salinas Fairway Golf Course	18	85,000	
Spring Hills Golf Course	18	NA	40,000
Aptos Seascap Golf Course	18	75,000	
De Laveaga Golf Course	18	85,000	
Palo Alto Municipal Golf Course	18	110,000	
Pasatiempo Golf Course	18	20,000	
Santa Clara Golf and Tennis Club	18	104,000	
Shoreline Golf Links	18	70,000	
Spring Valley Golf Course	18	90,000	
Summit Pointe Golf Club	18	58,000	
Sunnyvale Municipal Golf Course	18	94,000	
<b>Subtotal Actual Rounds</b>		1,244,000	
<b>Subtotal Estimated Rounds</b>			110,000
<b>Total Rounds Regulation Public Courses</b>		<b>1,354,000</b>	
<b>Private Golf Facilities</b>			
Almaden Golf and Country Club	18	50,000	
La Rinconada Country Club	18	46,000	
Los Altos Golf and Country Club	18	34,000	
Palo Alto Hills Country Club	18	50,000	
San Jose Country Club	18	40,000	
Saratoga Country Club	9	35,000	
Stanford Golf Course	18	58,000	
The Villages Golf and Country Club	27	85,000	
<b>Total Rounds Regulation Private Courses</b>		<b>398,000</b>	
<b>9 Hole (Non-Regulation Length), Executive and Par 3</b>			
Casserty Par 3 Course	18	NA	30,000
Cypress Greens Golf Course	18	NA	60,000
Gavalin Golf Course	9	20,000	
Gilroy Golf Course	9	32,000	
Hill Country Golf Course	18	NA	25,000
Pruneridge Golf Club	9	95,000	
Thunderbird Golf and Country Club	18	NA	NA
Aptos Par 3	9	18,000	
Blackberry Farm Golf Course	9	75,000	
Bolado Park	9	30,000	
Boulder Creek Golf and Country Club	18	56,000	
Deep Cliff Golf Course	18	NA	70,000
Sherwood Greens Golf Course	9	85,000	
Sunken Gardens Municipal Golf Course	9	73,000	
Valley Gardens Golf Course	9	60,000	
<b>Subtotal Actual Rounds</b>		544,000	
<b>Subtotal Estimated Rounds</b>			185,000
<b>Total Rounds Non-Regulation Public Courses</b>		<b>729,000</b>	
<b>Number of 18-Hole Equivalent Courses</b>		<b>Average Rounds</b>	
Public Regulation	18.0	75,000	
Private Regulation	8.0	50,000	
Public Par-3/Executive	10.5	69,000	
Sources: Bay Area Golf Guide; Sedway & Associates.			
[golfcour,sum1,kwf,9/91]			



2,846,000 rounds for public play and about 1,762,000 rounds for private play. The percentage increase for public and private rounds is projected to be about 20 percent during the next 20 years.

Sedway & Associates surveyed the market area to ascertain the number of public and private golf courses that are in the planning stages. Only projects that are in the conceptual stages and have no certainty of being developed are included. As a result, the conclusions are conservative and comprehensive. Table 14 presents a summary of these projects and indicates that the equivalent of 10.5 18-hole public and 8.5 18-hole private golf courses are currently at some stage in the planning process, or a total of 19 18-hole golf courses during the next 20 years.

Finally, the number of supportable new golf courses in the market area was determined and is summarized in Table 15. In the current market, Sedway & Associates estimates that 3.1 new public golf courses and 12.8 new private golf courses can be supported, or a total of 15.9 18-hole courses. By 2010, the number of supportable new golf courses is projected to be 28.2, with 9.4 being public and 18.7 being private.

#### Conclusion for Golf Course Development

It has been shown that there is currently sufficient remaining demand to construct 16.0 estimated new golf courses in the subject market area, and that during the next 20 years the remaining demand may grow to 28 golf courses. The site may be able to develop a golf course(s) while encumbered by the Williamson Act. This will enable the property to derive an income stream while planning is underway for further development after its tenure under the Williamson Act. This viable use of part of the site will set the stage for later residential and resort development.

Section IV provided data that indicated overwhelming unmet demand for residential units during the next 20 years. Research conducted by ULI has shown that golf course development can be a very useful marketing tool for the sale of residential units, enhancing their value greatly and creating synergy, which in turn increases absorption rates.

The construction of a golf course prior to the development of homes or resort facilities is also recommended by ULI, so that the course may become seasoned and the landscaping mature. It is believed that this is the proper order in which to develop the subject property and that the golf course should be built as a first stage of site development.

Studies have shown that residential development is enhanced by an attractive, high-quality golf course, suggesting that ample funds must be made available for its original design, construction, landscaping and maintenance. Such a course is more typical of a private course than a public course; however, some public courses fit this profile.



**Table 14**  
**Planned and Proposed Golf Course Developments**  
**In the Gilroy Market Area**  
**August 1991**

Name/Location	Developer	Type of Course	Number of Holes	Approval Status	Comments
<b>Public Courses</b>					
<u><b>Gilroy</b></u>					
Gavilan College	Gavilan College	Public Golf Course	9	Conceptual	Seeking to add 9 holes to existing 9-hole course
Gilroy Golf Course	City of Gilroy	Public Golf Course	9	Conceptual	Seeking to add 9 holes to existing 9-hole course. Project has been in the conceptual stage for the past 15 years and it is uncertain if it will ever be built.
<u><b>San Jose</b></u>					
Coyote Creek Golf Course South San Jose	City of San Jose	Municipal	18	Proposed	City is in the RFP process to select a developer for the course by spring, 1992
North San Jose Hwy 237, east of 880, near N 1st St	City of San Jose	Municipal	18	Proposed	Early planning stages now. The city has requested a General Plan review to allow this north San Jose course.
<u><b>Santa Clara County (South)</b></u>					
Seargent Ranch Santa Theresa	NA	Golf Course/ Residential	18	Conceptual	Very long range project.
<u><b>San Benito County</b></u>					
Rancho San Benito North of Hollister	NA	Public Golf Course/ Residential	27	Conceptual	Very long range plans. Includes large scale residential development. No application pending with the county. Number of public holes is estimated by S&A to be half of the total 54 holes planned.
Paicenes Ranch Resort South of Hollister	Ridgemark	Public Golf Course/ Residential	54	EIR	EIR plans call for six 18-hole courses (3 public and 3 private). Includes residential development.
Mission Green Near San Juan Bautista	NA	Public Golf Course/ Retirement Residential	18	EIR	Course will be developed in conjunction with retirement residential community.
<u><b>Santa Cruz County</b></u>					
Glenwood Estates Scotts Valley	ATC Development	Public Golf Course	18	Under Review	Course is scheduled for completion in 1993. Plans also call for 260 residential units.
<b>Total Public Holes</b>			<b>189</b>		
<b>Total Public Golf Courses Planned (18-Hole equivalents)</b>			<b>10.5</b>		
<b>Private Courses</b>					
<u><b>Gilroy</b></u>					
Shappell Homes Southwest Gilroy	Shappell Homes	Private Golf Course/ Residential	18	Under Review	Course will initially be public, and will eventually be converted to private use. Plans are to start construction by the end of 1993, with completion of the course late in 1994. Golf course will be part of a planned residential community.
<u><b>San Jose</b></u>					
Cerro Plata East San Jose	Bumb Associates	Private Golf Course/ Residential	18	Under Review	Golf course will be part of a planned residential community. Developer has requested rezoning.
Silver Creek East San Jose	Shea Homes	Private Golf Course/ Residential	18	Under Construction	Golf course will be part of a planned residential community.
<u><b>San Benito County</b></u>					
Rancho San Benito North of Hollister	NA	Golf Course/ Residential	27	Conceptual	Very long range plans. Includes large scale residential development. Number of private holes is estimated by S&A to be half of the total 54 holes planned.
Paicenes Ranch Resort South of Hollister	Ridgemark	Private Golf Course/ Residential	54	EIR	EIR plans call for six 18-hole courses (3 public and 3 private).
Rancho Larios Near San Juan Bautista	NA	Private Golf Course/ Residential	18	Proposed	Project is on hold pending water approvals. Plans include high-end residential component.
<b>Total Private Holes</b>			<b>153</b>		
<b>Total Private Golf Courses Planned (18-Hole equivalents)</b>			<b>8.5</b>		
<b>Total Holes</b>			<b>342</b>		
<b>Total Golf Courses Planned (18-Hole equivalents)</b>			<b>19.0</b>		

Sources: Gilroy, San Jose, Hollister, Scotts Valley, Santa Clara County, San Benito County, and Santa Cruz County Planning Departments; Sedway & Associates  
 (91-pin golf-hw1.000)





**Table 15**  
**Estimated Number of Supportable**  
**New Golf Courses**  
**Subject Market Area (1)**

	1991 Estimates			2010 Estimates		
	Public Courses	Private Courses	Total 1991	Public Courses	Private Courses	Total 2010
Potential Demand (rounds per year) (1)	2,366,962	1,465,262	—	2,845,880	1,761,735	—
Average Annual Capacity Per 18 Hole Course (2) (Number of Rounds)	75,000	50,000	—	75,000	50,000	
Supportable Golf Courses (18 Hole Equivalents)	31.6	29.3	60.9	37.9	35.2	73.2
Less Number of Existing Golf Courses (2)(3) (18 Hole Equivalents)	18.0	8.0	26.0	18.0	8.0	26.0
Less Planned Golf Courses (4) (18 Hole Equivalents)	10.5	8.5	19.0	10.5	8.5	19.0
<b>Incremental Supportable Golf Courses (18 Hole Equivalents)</b>	<b>3.1</b>	<b>12.8</b>	<b>15.9</b>	<b>9.4</b>	<b>18.7</b>	<b>28.2</b>

Note: (1) Derived from Table 12.

(2) Derived from Table 13.

(3) Excludes non-regulation length golf courses.

(4) Derived from Table 14.

Sources: National Golf Foundation; National Planning Data Corporation; Sedway & Associates.

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It is recommended that golf course(s) constructed on the site be semi-private, that is, available for daily fee play and private membership. The private members should be given priority tee times and other benefits to provide incentive to purchase memberships. Moreover, the memberships might be annual only, in order to control the costs and revenues to the club and maintain a proper balance between private and public play. At a later time, after the real estate has been developed around the course(s), a reassessment could be made as to whether to make the club completely private or leave it as it is.

It is important to prevent public resistance to development at the site and to provide benefits to the community. The addition of a golf course that is available to open play can be a public relations tool that will aid the approvals process for the remainder of the development. Moreover, revenues from daily fee play can often exceed revenues from a private golf course. Phase two of this analysis should include a feasibility study and a more in-depth market analysis of the various options for golf course development.

#### Tennis Courts/Club

Research by ULI was relied on once again when assessing the potential for tennis facilities on the site. In the past 20 years, tennis has enjoyed a period of unprecedented growth, although the trend has lessened somewhat since the late 1970s. As a recreational amenity, this sport presents many benefits; specifically, land requirements, development costs, and maintenance needs are all low relative to the facility needs of other comparable activities, such as golf. Furthermore, regulatory and permitting issues for tennis are minor, the game can be played year round, tennis enjoys a strong complementary market with golf, and the court itself is a simple unit around which a developer can build supporting facilities, such as a clubhouse, fitness center, restaurant, and other amenities. In a residential resort development, tennis can help broaden a project's market appeal for a relatively low investment.

Unlike a golf course, however, tennis courts are not likely in most cases to add significant value to real estate. In most primary-home and second-home communities, the major incentive for adding tennis courts is to create an important marketing tool. In the right market, a credible tennis facility can more than offset its development costs by increasing absorption or boosting prices or rents—not because people like to look at tennis courts, but because they want to play on them. Tennis is more of a purely recreational user-oriented activity than many other amenities that are perceived to be valuable, even by non-users.

The tennis boom of the late 1960s and early 1970s is over, judging by recent statistics compiled by ULI. However, ULI believes that the market will still remain steady through the next century. Thus, it still makes sense to incorporate tennis into a development if it can be demonstrated that there is sufficient demand in a local market area. A project developer must consider how a tennis facility will relate to the overall market for tennis, the other project elements, and the physical suitability of the site. An accurate analysis of demand for tennis and the supply of existing facilities is very important to a feasibility study, particularly given





the range of potential tennis-oriented amenities—from scattered courts to a full-service private club.

#### Conclusions for Tennis Courts/Club

The site has ample land available for the development of tennis courts, and tennis has been proven to be complementary to golf, residential, resort, and other development components, many of which are being considered for the site. Because of the sufficient remaining demand for residential and golf use, it is likely that tennis facilities will enhance the value of the development of Castro Valley Ranch.

It is recommended that a more in-depth study of the demand for tennis and the value that it can add to the overall plan for the site be pursued. At this juncture, the inclusion of tennis courts or a tennis club would be favorable for the site.

#### **4. Retreat and Conference Center**

Another possible near-term use for Castro Valley Ranch is the development of an executive retreat and conference center. Under the current zoning and Williamson Act provisions established by Santa Clara County, educational, cultural, and religious facilities would be permitted on Williamson Act lands when not located on prime agricultural soil and that do not require major road improvements. Additionally, seasonal and occasional social receptions at existing facilities and immediate surrounding grounds that do not displace or interfere with agricultural and open space uses are also permitted.

The present Castro Valley Ranch house could be developed as a possible retreat and conference center. The existing ranch house could be expanded to include additional rooms, a swimming pool, and tennis courts. A retreat facility could involve a small operation catering to local corporations in Santa Clara Valley and later expand to a large facility in connection with a golf course and larger tennis facilities. A retreat facility would be highly compatible with any agriculture uses and a riding stable and equestrian center.

#### Golf-Oriented Resorts

The development of a resort in conjunction with a golf course is a common development scenario and one that Sedway & Associates addresses in a cursory fashion for this preliminary analysis of Castro Valley Ranch. ULI provided us with data concerning resort/golf course projects, wherein a resort golf course may supplement either another recreational facility or major attraction, such as a ski area or beach, or it can be the main attraction for a resort development.

If a resort/golf course is the main attraction, golfers are likely to travel to the resort expecting outstanding facilities plus a high level of service and accommodations. Golf courses in



connection with residential real estate development, play secondary roles, whereas the role becomes primary when a resort focuses on golf. Thus a golf course resort must be more of an attraction in its own right than an amenity that enhances the value of adjacent real estate. For a resort course only, development along the golf course frontage may be less important; to ensure a high-quality course, such development might even be precluded. However, when high lot values or other site requirements dictate development close to the fairways, as at Pebble Beach in Carmel, California, carefully devised architectural controls are often used to encourage compatible development.

According to ULI, resort courses tend to be spacious, memorable, and image conscious. On some spectacular sites, the most desirable land may be dedicated to the golf course. At the site, the golf course area is fairly well defined by the site's topography and geology, and lends itself well to premier views from future development on the nearby slopes.

Many golf resorts will also cater to different markets with many different products. For example, in Scottsdale, Arizona, a development called Gainey Ranch uses 27 holes of golf to unify a 640-acre, mixed-use community that includes a resort hotel, single-family homes, multi-family housing for a variety of markets, and commercial, retail, and office space. This type of development is better suited for the site than a pure resort/golf complex. The developable land at Castro Valley Ranch would not be optimized if the golf resort were developed to the exclusion of surrounding residential development.

#### General Traits of Resorts

Originally, resort hotels in the United States were oriented toward water, scenic mountain settings, or natural wonders and national parks. These resorts focused on their surroundings, and often operated on a seasonal basis, generally catering to wealthy "social" guests. In the mid-20th century, new resort hotels that catered to a wide range of visitors began to be developed in conjunction with manmade attractions. They have been supported by the construction of interstate highways, the increase in intra- and international travelers, the increase in leisure time, and the growing affluence of Americans and others, enabling them to travel more freely. All these factors have increased demand for resort hotels.

Resort hotels vary widely in the number of rooms and type of facilities available, depending on their locations and the types of markets they serve. However, a growing trend has developed toward active outdoor activities because of the health and fitness boom in the United States since the 1970s. In order to support the variety of amenities and facilities provided, most resorts are now open throughout the year. To augment their business, some old-line resorts are now even catering to the convention business in addition to their traditional market.





Although tourists are the primary source of demand for resorts, conference participants comprise an important secondary source of business. Additionally, resort hotels have a higher rate of double occupancy than other types of lodging facilities.

### Conclusion Concerning Resort Use

Section VI of this report indicated that there is sufficient demand for a large number of residential units on the site. Moreover, demand exists for both for-sale and rental units, indicating demand for single-family detached, condominium, and apartment development. The demand analysis for golf also indicates a strong demand for both public and private courses during the next 20 years, and sufficient demand for both course types in the short term. Phase two of this study will refine the unit mix that would be optimal for the site, as well as the target market niche(s).

Research has shown that many successful resort communities have been developed amid residential units with a golf course unifying the other components. Demand for golf, other recreational amenities, and residential development on the site has been demonstrated. Thus, there may be potential for a successful resort development in conjunction with these other land uses. Moreover, strong employment projections for the market area have been demonstrated. Demand for conference facilities is likely to accompany the growth of jobs, especially from Silicon Valley employers. A conference component of the resort is a suitable use as well. A demand analysis for resort use was beyond the scope of this study and would be appropriate in phase two. However, the preliminary conclusion is favorable if the resort is high-quality and well-integrated with the other uses.

## **5. Motel Development**

The subject property's frontage along U.S. 101 offers excellent visibility for a commercial component of the site. There is sufficient acreage to accommodate a motel as well as community-serving retail and office space. Sedway & Associates conducted a preliminary analysis of the potential for a motel at this location. The appropriate classification for lodging at this site may be either a highway facility or economy facility, as discussed below.

### Highway/Interstate Facility

ULI defines a highway/interstate facility as being reasonably priced, although not as inexpensive as economy facilities. These "upscale motels," or motor inns, typically are two-story, exterior-courtyard structures with 200 rooms or fewer, and with adjacent surface parking. Restaurants and lounges occupy separate commercial buildings that also contain the registration area, administrative offices, and lobby. Banquet and meeting rooms are small, with a seating capacity of 200 or less, and are situated next to the restaurant. Recreational facilities may include a pool, sauna, whirlpool, miniature putting green, and other games, as well as a patio food and beverage area. Many of these amenities were added originally to





attract the weekend vacation market and vacationing families to supplement weekday commercial demand.

Motor inns are characterized by short lengths of stay, generally one night. Examples include Holiday Inn, Ramada Inn, Howard Johnson's, Quality Inn, Travelodge, and Rodeway Inn.

### Economy Facility

Economy properties provide the value-conscious traveler with only the lodging basics—clean, comfortable rooms at 20 to 50 percent below market-area average hotel room rates. Instead of offering restaurants, extensive meeting and banquet space, recreational facilities, and other ancillary amenities, economy hotels (or motels), concentrate on guest rooms for affordable prices. Motels generally have three distinct tiers.

The upper tier includes properties offering relatively upscale furnishings and decor. These properties charge room rates closer to market-area average rates (20 to 25 percent below) and contain more rooms (100 to 150) than do other tiers of motels. They also provide 24-hour front desk service, a small multi-purpose room, interior corridors, and a toll-free 800 reservation number. Examples of upper-tier motels are LaQuinta Motor Inn, Drury Inn, Comfort and Hampton Inns (Holiday Inn's entry into the economy segment), Days Inn, Dillon Inn, Signature Inn, and Skylight Inn.

Middle-tier motels have 60 to 125 fully furnished guest rooms, with room rates generally 25 to 40 percent below the market average, either exterior or interior corridors and an 800 reservation number. Examples of lodging chains in this tier are Red Roof Inn, Exel Inn, Thrifty Scot, Super 8 Motel, Budgetel Inn, Econo Inn, Knights Inn, and Regal 8 Inn.

Lower-tier motels offer the bare essentials in their guest rooms, with room rates about 50 percent below the market average for hotel rooms. Lower-tier motels range from about 60 to 125 rooms, have exterior corridors, and limit their front desk hours. They do not accept credit cards or provide an 800 reservations number. Motel 6 is the dominant brand name in the lower tier. The rooms have no telephones and guests must pay extra to use the television. However, they often do feature swimming pools.

Overall, economy facilities attract business travelers and tourists as the two major user types. Proceeds from guest room rentals account for more than 96 percent of total revenues.

### Survey of Motor Inns and Motels

The City of Gilroy currently has about 11 motor inns and motels, generally referred to as motels for the purpose of this analysis, many of which are operated by national chains. Gilroy's motels are located along the main highways and access roads to Gilroy. The most successful of these are located along roads with visibility from or close access to U.S. 101. The



project site's location along U.S. 101, about 1-1/2 miles from downtown Gilroy, is similar to that of the most successful motels. Table 16 presents a survey of motels conducted by Sedway & Associates. The area surveyed includes Gilroy, Morgan Hill, and south San Jose.

Only three motels in Gilroy have meeting facilities, and three serve a continental breakfast. Most have a pool, and some have a hot tub, spa, or sauna. All have television available. The room rates generally range from about \$30 to \$60 for double occupancy. They seem to be divided into three tiers, with the most expensive rooms ranging from about \$50 to \$60, the next tier ranging from about \$35 to \$50, and the least expensive at about \$30. Occupancy is high, averaging about 80 percent. The primary guest segment is the tourist, comprising about 53 percent of the market, followed closely by the business traveler at about 44 percent. The remaining 3 percent may be local residents, their overflow guests, or temporary housing for people in transition.

The profile for motels in Morgan Hill is somewhat more upscale than that for motels in Gilroy. The room rates range from \$35 to \$75 for double occupancy, with an average of about \$56. Half have small meeting facilities and half serve a continental breakfast. All but one have a pool and all have television. The average occupancy rate is lower than Gilroy's—about 66 percent. This average is more in line with the national average for motels. The major guest market segment in Morgan Hill is also the tourist, representing slightly more than one-half of all patrons; business travelers comprise the balance.

In south San Jose, a sample of two motels was indicative of a more upscale motor inn product. The room rates were \$75 and \$124 for double occupancy. One of these facilities reports an occupancy rate of 90 percent; the other would not comment. One of the inns has meeting capacity for 90 people, and the other has none. They both have a pool, spa, fitness center, continental breakfast, and television. One has a restaurant and sport bar. They both fit the profile described by ULI as highway hotel.

#### Conclusion Concerning Motor Inn/Motel Use

Gilroy's existing motels generally show strong occupancy levels. They appear generally to be middle- to upper-tier economy motels, as opposed to more upscale motor inns, such as were surveyed in south San Jose, and are priced to suit the income levels of Gilroy's current population base, although prices could be raised as Gilroy's residents and business visitors become wealthier. In order to raise prices substantially, however, more amenities would have to be added to the facilities, which would also need to be upgraded.

There is an opportunity to introduce an upscale motor inn to this market that could draw weekend tourists and traveling vacationers in addition to business travelers. There is sufficient land available to provide amenities that none of the competition offers, such as a miniature or par-three golf course, swimming pool, tennis court(s), fitness center, restaurant, meeting room(s) and banquet facilities, etc. The location along U.S. 101 will provide excellent visibility;





Table 16  
Survey of Hotels, Motels, and Resorts  
Gilroy, Morgan Hill and South San Jose

Location	# of Rooms	1991 Advertised Room Rate		Meeting Capacity (# of People)	August 1991 Occupancy	Origin of Visitors	% Business Travelers/ % Tourists	Amenities
		Single	Double					
Alley Road -0688	44	\$33.00	\$38.00	None	NA	Many out of state	25% business 50% tourist 25% other	AC, continental breakfast, pool, cable TV, weekly rates available
tern esley Rd 3-1468	42	\$38.50	\$58.50	None	NA	Many out of state and out of country	20% business 80% tourist	Handicapped facilities, hot tub, spa, pool, cable TV, limited pets
ark Inn esley Rd 8-5144	72	\$38.00	\$50.00	125	NA	Most tourists come from within California or Oregon. Many out of state and out of country business travelers	75% business 25% tourist	Handicapped facilities, hot tub pool, cable TV, no pets, in-room fireplace & hot tub available, private balconies, conference facilities, adjacent to Lyons restaurant.
est Motel onterey Highway 2-2193	25	\$30.00	\$35.00	None	80%	Mostly local - San Jose, Hollister, Watsonville and Morgan Hill	Mostly local, not many business travelers	AC, pool, coffee in rooms, TV, picnic/BBQ area.
y Inn urray Avenue 47-5500	48	\$44.00	\$60.00	25	80%	50% out of county 50% out of state	95% business 5% tourist	Continental breakfast, pool, cable TV, hot tub, exercise and meeting rooms, fax, 24 hour service
onterey Highway 42-6061	59	\$23.95	\$29.95	None	80%	All out of county, some out of state and out of country Many truck drivers.	30% business 70% tourist	Pool, TV, AC
al 9 onterey Highway 42-6061	24	\$25.00	\$50.00	None	70%	All out of county, some out of state and out of country Many truck drivers.	70% business 30% tourist	AC, pool, coffee in rooms, satellite TV
Motel onterey St. 42-7122	20	\$35.00	\$45.00	None	NA	NA	Mostly tourists	AC, pool, BBQ, cable TV
o Pass Motel d Gilroy St. 47-9913	18	\$37.50	\$37.50	None	NA	Many from Gilroy, some out of state and out of country.	20% business 80% tourist	Cable TV.
st Inn Murray Ave. 348-3500	65	\$40.00	\$60.00	45	83%	All out of county, many from east coast and mid-west. Some out of country	40% business 60% tourist	Handicapped facilities, hot tub, sauna, pool, cable TV
8 Motel San Ysidro St. 848-4108	53	\$33.88	\$46.88	None	85%	All out of county, many from east coast and mid-west.	20% business 80% tourist	Pool, AC, cable TV, continental breakfast, fax.

(continued next page)



Table 16  
Survey of Hotels, Motels, and Resorts  
Gilroy, Morgan Hill and South San Jose

Location	# of Rooms	1991 Advertised Room Rate		Meeting Capacity (# of People)	August 1991 Occupancy	Origin of Visitors	% Business Travelers/ % Tourists	Amenities
		Single	Double					
Western Condit Rd 779-0447	34	\$52.50	\$57.50	10 (275 in restaurant next door)	50%	All over the state Draw alot from signage on US 101	50% business 50% tourist	Pool,spa, laundry, fax, refrigerator, coffee, cable TV continental breakfast
Motel an Hill 778-3300	25	\$45.00	\$55.00	25	85%	Many out of state	40% business 60% tourist	AC, cable TV, phone
ative Inn Suites Condit Road 778-0404	30	\$70.00	\$75.00	None	85%	All over, some out of country, some local	Many business travelers Tourists on the weekends	Pool, continental breakfast, microwave and refrigerator in rooms, some rooms with spas, cable TV
ay Motel Monterey Hwy. 779-2666	25	\$35.00	\$35.00	None	50%	All out of county, some out of state and country	NA	Pool, cable TV, telephone
h San Jose sson al at US 101 972-7800	150	\$109.00	\$124.00	90	NA	Most are from out of county	Most are business travelers	Pool, spa, fitness center, complimentary breakfast and cocktails, restaurant and sports bar.
Presidents Inn Monterey Road 972-2200	47	\$65.00	\$75.00	None	80%	Most out of state and county, some local	70% business 30% tourist	Pool, spa, fitness center, continental breakfast, cable TV, refrigerator, VCR, microwave

ces: San Jose, Morgan Hill, and Gilroy Chamber of Commerce; Sedway & Associates  
els, tab1, kwf, 8/91]



extensive marketing benefits can be achieved by contracting with a major national hotel chain. It is anticipated that income levels will increase in Gilroy as its employment base grows and more residents who work in the Silicon Valley move to the area. These new residents will seek a nice place to house their overflow guests, hold local meetings and events, and refer their business associates.

Sedway & Associates recommends that a further study be conducted to assess the demand for motel use on the site and to refine the parameters of the type of facility most appropriate for the site.

#### Future Supply of Resorts, Motor Inns, and Motels

At this time, only three new lodging developments are in the planning stages for Gilroy, Morgan Hill, south San Jose, and San Benito County. Table 17 presents a summary of these projects. Nearest the site is a project called Gilroy Hot Springs, which is outside Gilroy and is currently undergoing the approvals process. An environmental impact report is being circulated. The development will consist of a three-story hotel having 76 rooms, plus 43 cottages containing 208 rooms. There will be two restaurants, a bar, bath houses, a pool, and a museum.

In south San Jose there is a 122-room Residence Inn (upscale motor inn) that has received approvals. Marriott may proceed with the construction if they obtain financing. They are also considering selling the land with current approvals. This project will have excellent visibility from U.S. 101. There are currently no new resort or motel projects in the planning stages in Morgan Hill. San Benito County was included in the analysis because it could attract visitors away from the Gilroy market area. Currently, there is one resort in the conceptual planning stages in this county. It would be located south of Hollister and would be a part of the Paicines Ranch Resort.

According to the San Jose Planning Department, a current City planning policy restricts development of hotels and resorts outside its downtown core. The allowable number of rooms to be developed in south San Jose will be a maximum of 500, of which the Residence Inn may take up 122. The recently completed Raddison Inn, with 150 rooms, decreased the remaining allowable number of rooms. This lack of future supply in south San Jose will likely provide attractive development opportunities in Gilroy to meet the future market demand.

## **6. Quarry Operation**

The potential for mineral extraction was explored with the client and Richard J. Weiskal, geologic consultant of Resource Services. Four potential mineral deposits were identified in the field. Two potential deposits are located in the eastern portion of the site. A major limestone deposit lies in the central ridgeline area, and a potential sandstone deposit extends along the western slope area. Interest from mining operators indicate the eastern deposits





Table 17  
Planned and Proposed Hotel, Motel, and Resort Developments  
In the Gilroy Market Area  
August 1991

Name/Location	Developer	Building Type	Number of Rooms	Status	Start Date	Completion Date	Comments
<u>San Jose</u>							
Residence Inn Bernal at US 101	Marriot	Hotel	122	Approved	9/93 (see comments)	7/94	Marriott would like to develop the hotel at this site, but due to scarcity of financing, the project is on hold. Optimistically, Marriott would like construction to begin in 2 years, with completion scheduled 10 months after that. If the financial markets do not improve, however, Marriott may sell the land.
<u>Santa Clara County (South)</u>							
Gilroy Hot Springs Gilroy Hot Springs Rd.	Mr. Seido	Resort	284	Under Review	NA	NA	EIR is being circulated. Project will consist of a 3-story hotel containing 76 rooms and 43 cottages with 208 rooms. Additionally, the project will feature 2 restaurants, a bar, bath houses, a pool, and a museum.
<u>San Benito County</u>							
Paicines Ranch Resort South of Hollister	Ridgemark	Resort	NA	EIR is under review	NA	NA	The developer is seeking a General Plan amendment for the property. This resort will be part of the planned city at this location, which will include 6 golf courses and 4,500 residential units. The developer could not be reached for comment regarding plans for the resort component of this project.

Sources: Gilroy, San Jose, Hollister, Santa Clara County, and San Benito County, Planning Departments; Sedway & Associates  
[gil-pln/resort.kwt,9/91]

18-Sep-91



hold an immediate value because of their proximity to the highway and ease of access. One of these deposits is situated on the most easterly ridgeline just next to U.S. 101.

Although several potential quarry sites exist, on-site pursuit of this option is not recommended at this time. The reasons are as follows.

- Currently, vehicular access to the major developable portions of the ranch is limited by the steep and curvy alignment of Castro Valley Road. Hopefully, this constraint can be resolved by construction of a higher capacity road aligned slightly to the north to avoid steep slopes. However, this would require aligning a portion of the road on the adjoining land owned by Barbara and Don Westbrook of San Jose. If this were not possible, or possible only at a much later date, it would be necessary to construct a new entry road along the south edge of the ranch with a connection to the Old Monterey Road. If this were to occur, the presence of a quarrying operation would create both access and visual problems that would seriously diminish the development value of the ranch. For example, a 1 million ton per year quarry operation would generate 400 truck trips per day, or an average of 1 truck every 72 seconds.
- A quarry operation of 1 million tons per year will require use of approximately 96,000 gallons of water per day. Since currently there is no thorough documentation of the volume of water that can be supplied to the site, it would be premature to commit current available supplies to the quarry use. It might be better to reserve available water resources for golf course maintenance or agricultural uses that would enhance the value of the property, or for initial phases of housing construction.
- Quarry operations are a very sensitive political issue. Any controversy in the permit approval process for the quarry could taint public perception of the entire project and make approval of other plans difficult. Ideally, any permit application for a quarry would follow presentation of an overall site development and conservation plan to the county and city and a favorable response to these concepts by these two jurisdictions. If at that time a quarry appears to be advantageous and feasible, a permit application could be made. This timing would allow the advantages of the entire project to be demonstrated and the quarry issue placed in the context of the broader development process. For example, it could be shown that any of the materials required for construction within the ranch would be quarried locally, thereby reducing impacts on neighboring areas and reducing truck travel.

## **7. Conclusions for Near-Term Uses**

- Golf courses are often developed to enhance real estate values, particularly for residential properties where fairways optimize unit views and access to open space. Many golf courses have been built specifically to promote the sales of residential and resort developments and to create synergy. However, the optimal planning orientation is to construct the golf course in advance of the real estate in order to allow the course to





mature and to create a sense of place prior to additional development. The site has ample space to support a golf course(s). Much of this land is topographically and geologically unsuited to real estate development, but provides excellent views for nearby residential and resort use.

- Sedway & Associates developed an estimate of market area golf course demand. These findings indicate support for 16 additional 18-hole courses in the current market and projected support for 28 total 18-hole courses during the next 20 years as demand for golf courses increases. Of these, about 20 to 30 percent are public courses, with the remainder being private. Sedway & Associates recommends that the subject property be developed with a semi-private golf course(s) to optimize both public and private demand, to offer incentive to the public to encourage such use of the site, and to provide the most feasible economic use of the land.
- Development of tennis courts and an equestrian center could enhance the recreational component of the subject property and the value of the real estate over time. These uses are compatible with golf and the tradition of the ranch; they have gained proven acceptance in the United States in recent years and are expected to continue to be popular. There is ample land to incorporate these uses at the site. With the findings of strong residential and golf demand, the assumption is that tennis and riding will also be in demand. Further study is recommended for equestrian and tennis use.
- Resort development complements residential and recreational communities, as evidenced by successful projects throughout California and the country. The opportunity exists to incorporate this use in the site's master plan. A golf course often serves to unify the real estate mix, and generally enhances the value of the real estate sales, as well as rental and room rates. Further study is necessary to determine the demand for a resort and to refine the target market and appropriate breadth of services. A preliminary analysis indicates potential for this use.
- Motels in the vicinity of Gilroy are experiencing high occupancy with a fair balance between tourist and business demand. There is currently a lack of upscale motor inns with added amenities, such as miniature golf courses, restaurants, meeting facilities, tennis courts, fitness center, etc. An opportunity exists to provide such a facility along the portion of the site that is visible from U.S. 101. As the demographics change in Gilroy, demand for more upscale motels than currently exist is likely to increase from the business traveler and others. A refined market study for this use is recommended.
- One of the land uses allowed under the constraints of the Williamson Act is vineyard. The site may be an excellent location for growing premium grapes. If a soils analysis confirms this, such a use may provide income to the property in the near-term and enhance real estate values for development in the near- to long-term. Moreover, the addition of a winery is expected to enhance the character of the site even more, as it has



in many cases in Napa and Sonoma counties. A feasibility study should analyze the venture both as a "stand alone" operation and as an adjunct to real estate development to ascertain the impact of the value added by the vineyard and winery to ancillary development. A preliminary analysis indicates that while California wine sales are currently undergoing a slump, overall they are on an upward trend.

- In summary, Sedway & Associates finds that further study is warranted for all the land uses analyzed in this study: residential, recreational, resort/motel, and vineyard/winery. A preliminary analysis found evidence that sufficient demand exists for the development of all these potentially compatible uses.

## **B. LONG-TERM DEVELOPMENT POTENTIAL**

The long-term development potential of the Castro Valley Ranch centers on those uses not presently permitted on the site that would require changes to the county and local general plans and zoning maps. These uses include housing, commercial uses, and research and development-type workplaces.

### **1. Housing**

Chapter VI, Economic Overview, indicated a strong unmet demand for housing during the next 20-year period. The potential for development of a variety of residential housing types and price ranges is strong. Very-low-density (1 unit per acre), low-density (3 to 5 units per acre), and high-density (5 to 7 units per acre) housing units are all possible alternatives for the site. Housing units can be easily accommodated on the 2,000 acres of developable lands on the site, with major access from the east along Castro Valley Road and off Old Monterey Road, and from the north off Whitehurst Road from SR 152. At the various densities the total unit count on the site could range from 2,000 to 14,000 units.

Three housing development options were explored for the Castro Valley Ranch:

- a low-density residential estate pattern of development;
- a clustered, local transit-oriented development pattern; and
- a housing development pattern combining features of the two above.

The purpose of this analysis is to test schematically various development scenarios. Each land use pattern is explored for its fit to the site and topography and its ability to provide road access.





### Low-Density Estate Development

Low-density estate development is the most common approach used in outlying rural areas. This approach distributes large, single-family estate lots (1- to 5-acre lots) throughout the development areas of the site. The limitations of a large estate development is the limited market demand for this type of housing unit and the extent of competition for large lot subdivisions in the region. A golf course, equestrian center, conference center, and swim and tennis club are compatible uses with low-density estate development.

### Transit-Based Development

Transit-based development is a unique approach to planning for the site. The concept involves clustering single-family units, townhomes, and condominiums in close proximity (1,200 to 1,500 feet maximum) to a major through roadway that is served by a local bus route. The local bus would circulate through the site and connect to the future Southern Pacific transit station in Gilroy, and other region-serving transit. This concept helps to reduce the reliance on automobiles within the project site, provides additional site area for open space for recreational uses, and can result in significant reductions in air emissions and energy consumption.

Transit-based development can incorporate commercial uses clustered in small village community centers along the major transit route. Additionally, the number of units would necessitate more schools. The transit-based concept can also easily accommodate recreational opportunities, such as a golf course, swim and tennis club, conference center, and equestrian center.

### Mixed Housing Development

Because of the size of the property and the varied topography, a combination of transit-based and low-density development is possible. A mix of development types could include large estate lots, small-lot subdivision, standard single-family subdivision development, townhomes, condominiums and apartments, and housing units oriented around recreational facilities—a golf course, swim and tennis club, and equestrian center.

Options for the location of large estate lots include the western slope and the area around Pescadero Creek. High-density development could be clustered around the central Castro Valley area, and the eastern portions around Tick Creek. Golf course housing would naturally be clustered around the golf course in the central portion of the ranch, with direct access to and views of the links.

The advantage of providing a mix of housing types is the ability to provide for a wide range of housing needs and prices to meet the market demand. A mix of housing types and densities would generate more units and would help support local retail uses proposed on the site.





Given the projected demand for new housing in the south county, a development pattern that yields a greater mix of housing types with greater density is a logical approach to explore further and could address problems created by an imbalance of jobs and housing.

## **2. Commercial Office and Retail**

Based on the number of potential housing units on the site and future growth in the area (especially along Santa Teresa Boulevard), there would be a future demand for commercial and office space. A community of 10,000 to 14,000 people would generate demand for a complete neighborhood shopping center including a supermarket, drug store, and additional neighborhood-serving commercial space.

Depending on the final development pattern, there are three potential sites for retail, commercial, and office development:

- the eastern area around the Santa Teresa Boulevard/U.S. 101 intersection;
- the eastern area around Tick Creek at the future U.S. 101 intersection; and
- the central portion of the site in Castro Valley.

The first two alternatives also provide the opportunity to incorporate freeway-oriented commercial uses within an overall commercial master plan. These easterly sites also could be developed separately from the development projects in the interior of the site, if demand warrants.

The central location provides an opportunity to create a small community town center. Local-serving retail uses could be incorporated with a recreation clubhouse (golf, swim and tennis club), and a resort/conference center. The combination of these facilities in the central Castro Valley location can create its own character and synergy. If designed properly, the community town center could become a place to visit on weekends.

## **3. Research and Development/Industrial Workplace**

Another appropriate use is a major research and development and other "clean industrial" development. Because land is quickly used up in central Santa Clara Valley, many electronic and research firms are looking to the outlying communities for future growth and expansion. They are also looking for cities where their employees can find affordable housing. Two sites in the eastern area of the ranch are potential locations for industrial/research and development uses. The first is the around Santa Teresa Boulevard and the second is the level portions along the south property line and Tick Creek. Both these site provide excellent access to and visibility from U.S. 101, and could be easily served by existing Gilroy city services. Future



highway improvements and interchanges would increase the development potential of these sites as work places.

Gavilan Community College has expressed interest in expanding its existing golf course in cooperation with the Castro Valley Ranch. The college envisions expanding nine holes across Castro Valley Road to the south. Given the potential for this portion of the ranch as a commercial and/or employment center site, any joint venture with Gavilan College for a golf course is not recommended. However, a counter proposal would be to develop a larger employment/commercial development with Gavilan College. The existing nine-hole golf course could be leased in a joint commercial/office development. The return to the college would be substantially higher than the present golf course operation, would provide a larger site for development, and would allow greater control over development of both sides of Castro Valley Road, which would be a major entry to the site. In return for the college's participation, a new golf course on Castro Valley Ranch could be used by the students for their sports program and education program in recreation and golf course management.

### C. ILLUSTRATIVE DEVELOPMENT SCENARIO

To further test the development potential of the Castro Valley Ranch the following development plan was prepared. This scenario is presented for illustrative purposes only to test the unit and commercial space yield for the site.

This scenario assumes that the Castro Valley Ranch would be developed with a mix of uses including a mix of housing types, a 27- to 36-hole golf course/country club/tennis and swim center, an equestrian center, a major commercial center, a major work center, and all the associated schools and community services (see Table 18 and Figure 15). This scenario also includes development of a vineyard and winery in the near-term that would remain on the site in the later phases.

This illustrative development plan places large estate lots in the deepest portions of the site along the western slope. Recreational uses and vineyards are located in undevelopable areas in fault zones and on the steeper hillsides. Gilroy Ridge and major creeks are left in their natural state and used for hiking and equestrian trails. The golf course is located in the central area of the site and surrounded by housing of various types and densities.

Small-lot housing types, apartments and condominiums are located around a community village center in the middle of the site and in the eastern portion of the site around Tick Creek. The eastern area of the site around Santa Teresa Boulevard is designated for a major employment/office center. The resulting number of units and commercial square footages from this scenario are shown on Table 18, Illustrative Site Development Program.





**Table 18: Illustrative Site Development Program**

Typical Program	Size (acres)	FAR*	Density (units/acre)	Development Program
Commercial/Employment Center (Offices/Research Park/Retail)	196	0.30		2,561,328 s.f.
Eastern Ridge Hamlet	370		7	2,590 units
Village Center				
• Retail Center	15	0.25		163,350 s.f.
• Lodge Conference	15			200 rooms
• Elementary School	15			15 acres
• Village Green	5			5 acres
• Winery	5			5 acres
• Community Uses	7	0.30		91,476 s.f.
• Housing	90		6	540 units
<b>Subtotal</b>	<b>152</b>			
Golf Course-Oriented Housing	330		3	990 units
Pescadero Hamlet	590		5	2,950 units
Western Ridge Hamlet	490		2	980 units
Vineyards	1,250			
Golf Course (36 holes)	400			
Open Space/Grazing Lands	5,183			
<b>Totals</b>				
• Housing	1,870			8,050 units
• Commercial	211			2,724,678 s.f.
• Open Space/Recreation/ Agricultural Lands	6,319			
• Site Area	8,400			

\* Floor Area Ratio

Note: Assumes availability of water and sewer services provide to site or on-site.



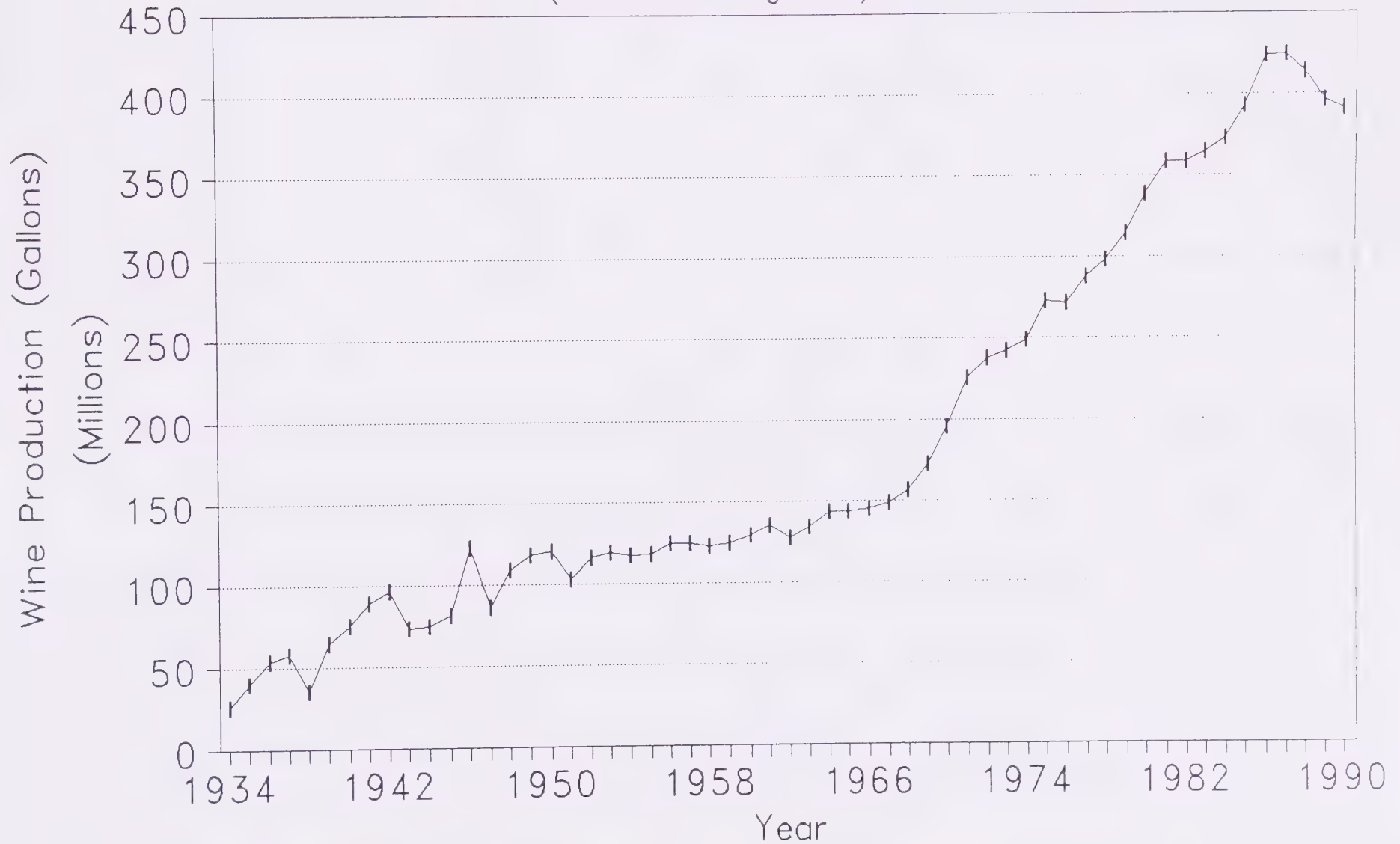
#### D. CONCLUSIONS

- Castro Valley Ranch can easily accommodate more than 8,000 housing units and a number of commercial and recreational opportunities as a large-scale, mixed-development project. Recreation uses that can be accommodated include a major golf course and clubhouse, a tennis and swim club, an equestrian center with riding and hiking trails, and a retreat/conference center.
- The site is strategically located at the crossroads of two major highways, which increases both the visibility of and access to the site: U.S. 101 running north/south and SR 152 connecting east/west through the south county. This major crossroad occurs at the proposed interchange of Santa Teresa Boulevard and U.S. 101. The new intersection adjoining the Castro Valley property will greatly enhance the value of this portion of Castro Valley Ranch by increasing the visibility of and accessibility to the site. Because of these regional transit improvements, the value of the eastern portion of the site around Santa Teresa Boulevard for future commercial uses will be greatly enhanced.
- Three major points of access should be provided: at Castro Valley Road, from Old Monterey Road near Tick Creek, and from the north along Whitehurst Road. To improve the capacity and image entering the project site, Castro Valley Road should be realigned to the north in cooperation with the adjoining property.
- Near-term development of vineyards and a winery could increase value of the property, add to the character and image of the ranch, and still be compatible with future development opportunities.



# Shipment of California Wines to U.S. and Foreign Markets, 1934 – 1990

(in millions of gallons)

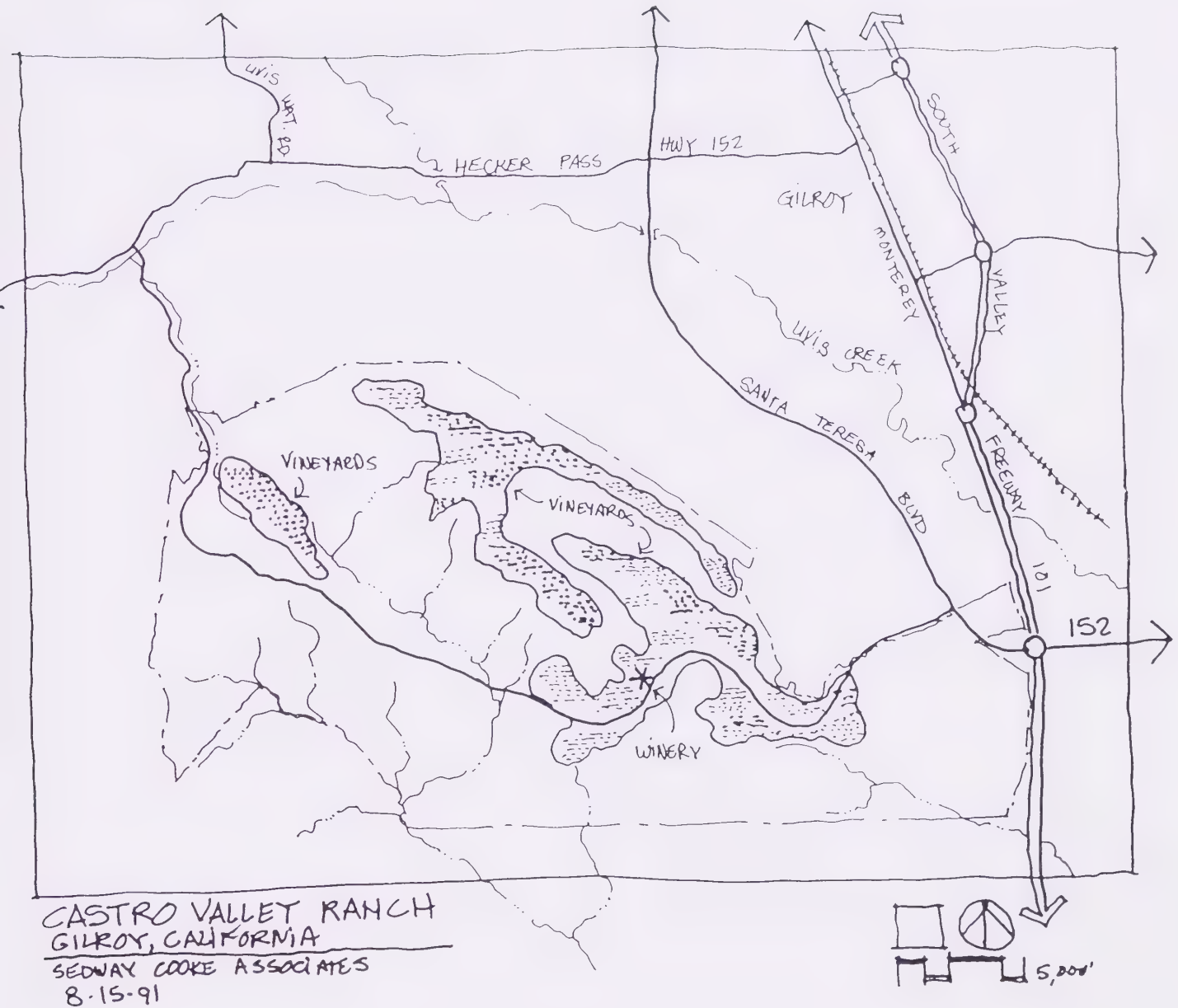


Note: All sales after 1983 include wine coolers.

Sources: The Wine Institute; Sedway & Associates.







**Figure 9**  
**AGRICULTURE,**  
**GRAZING & VINEYARD**  
**OPTION**  
**CASTRO VALLEY RANCH**  
**GILROY, CALIFORNIA**



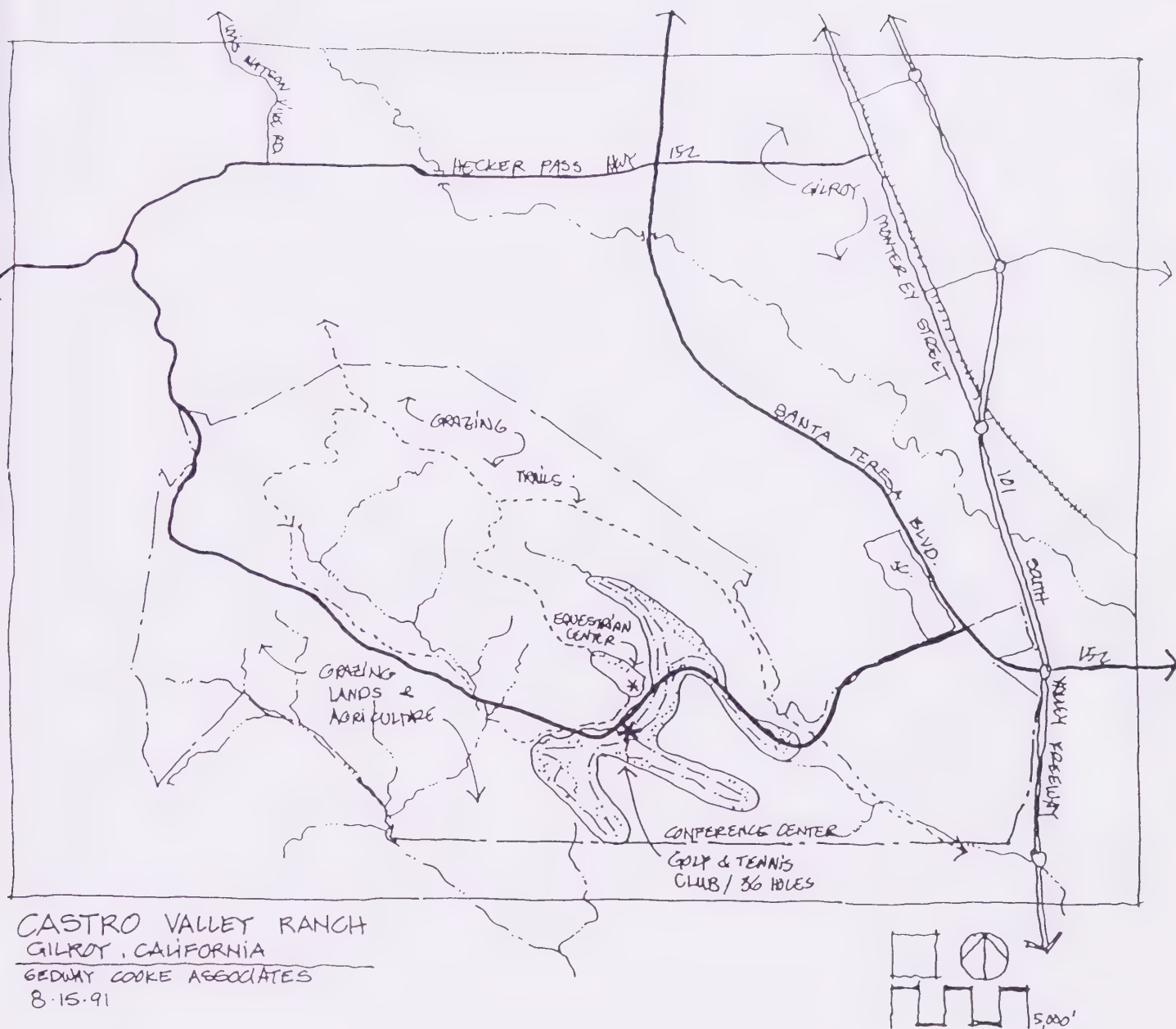


Figure 10  
**EQUESTRIAN CENTER  
& GOLF & TENNIS  
CLUB**  
CASTRO VALLEY RANCH  
GILROY, CALIFORNIA





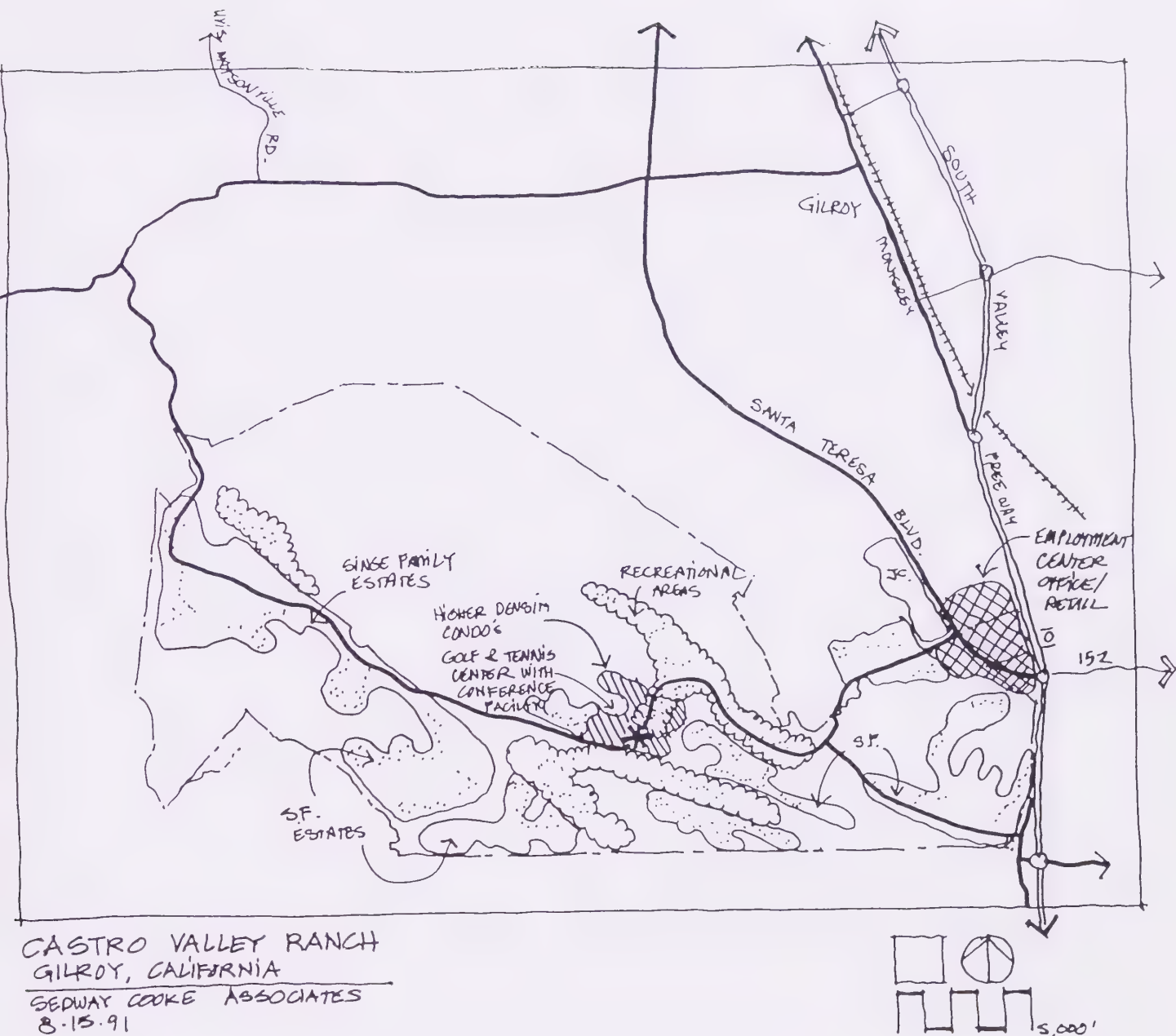
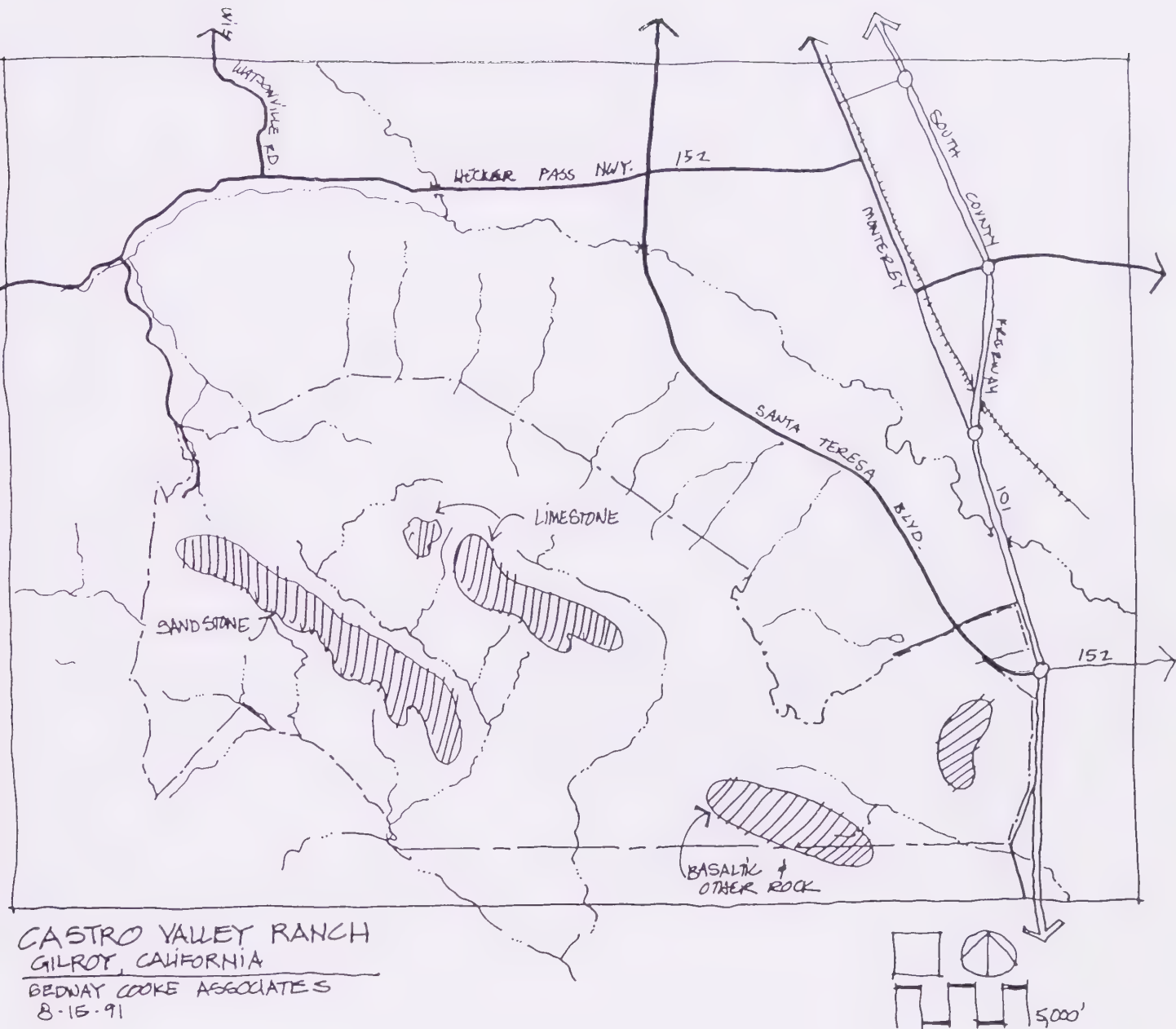


Figure 11  
RESIDENTIAL ESTATES,  
GOLF & TENNIS CLUB  
AVG. 3 DU/AC.  
CASTRO VALLEY RANCH  
GILROY, CALIFORNIA





CASTRO VALLEY RANCH  
 GILROY, CALIFORNIA  
 SEDWAY COOKE ASSOCIATES  
 8-16-91

Figure 12  
**POTENTIAL QUARRY  
 SITES**

**CASTRO VALLEY RANCH  
 GILROY, CALIFORNIA**



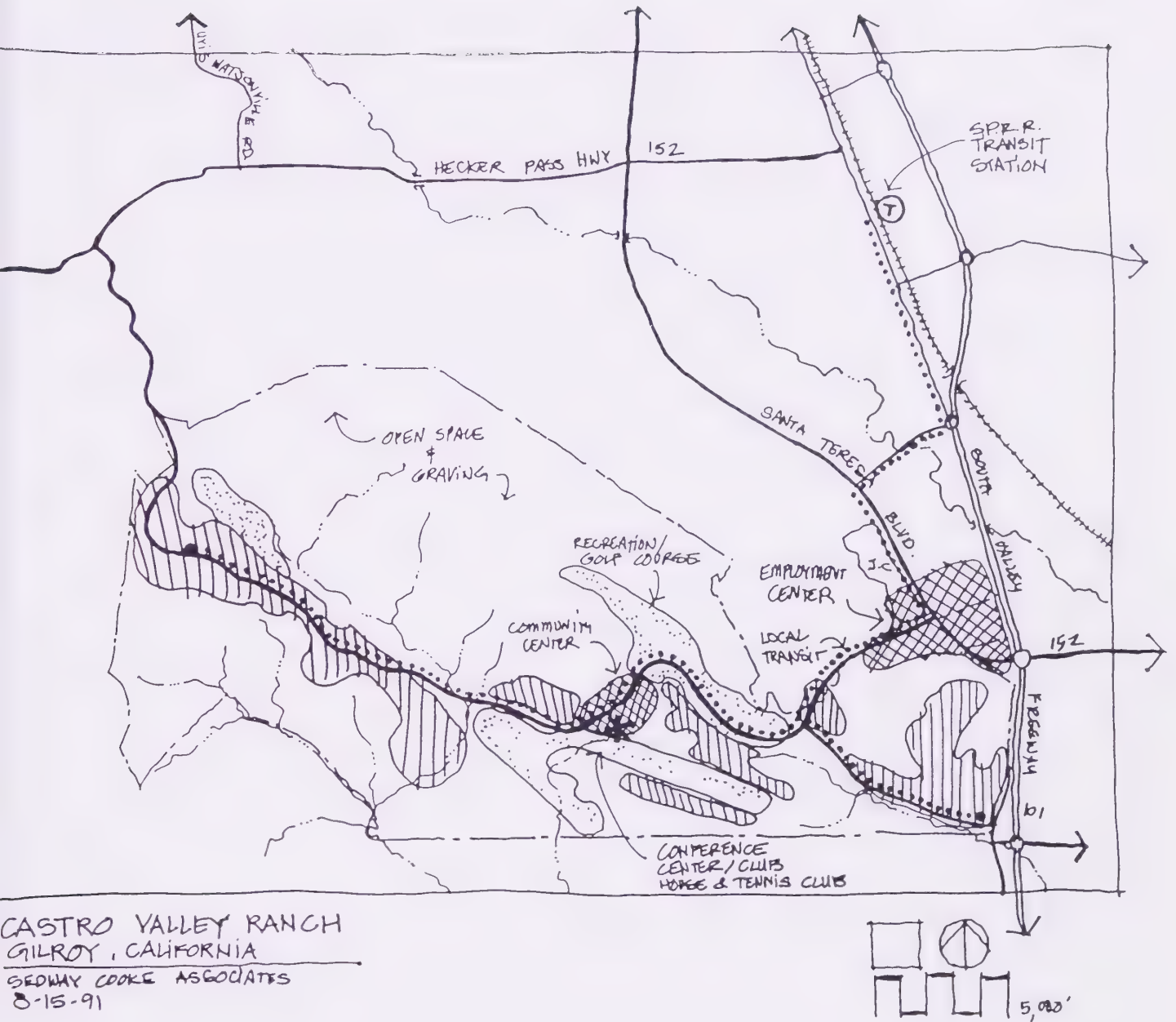
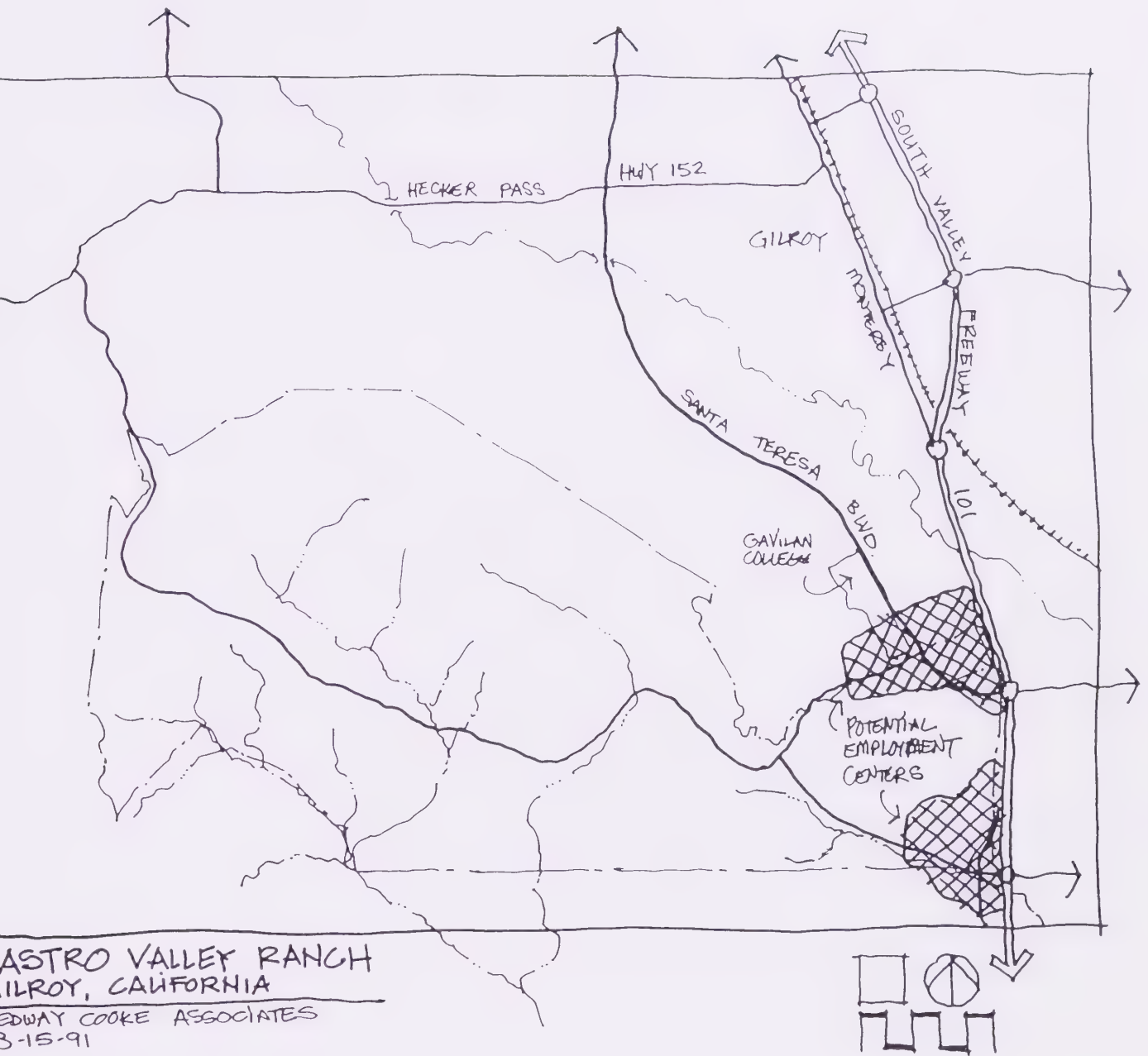


Figure 13  
**TRANSIT BASED  
 COMMUNITY**  
 AVG. 5-6 DU/AC.  
 CASTRO VALLEY RANCH  
 GILROY, CALIFORNIA





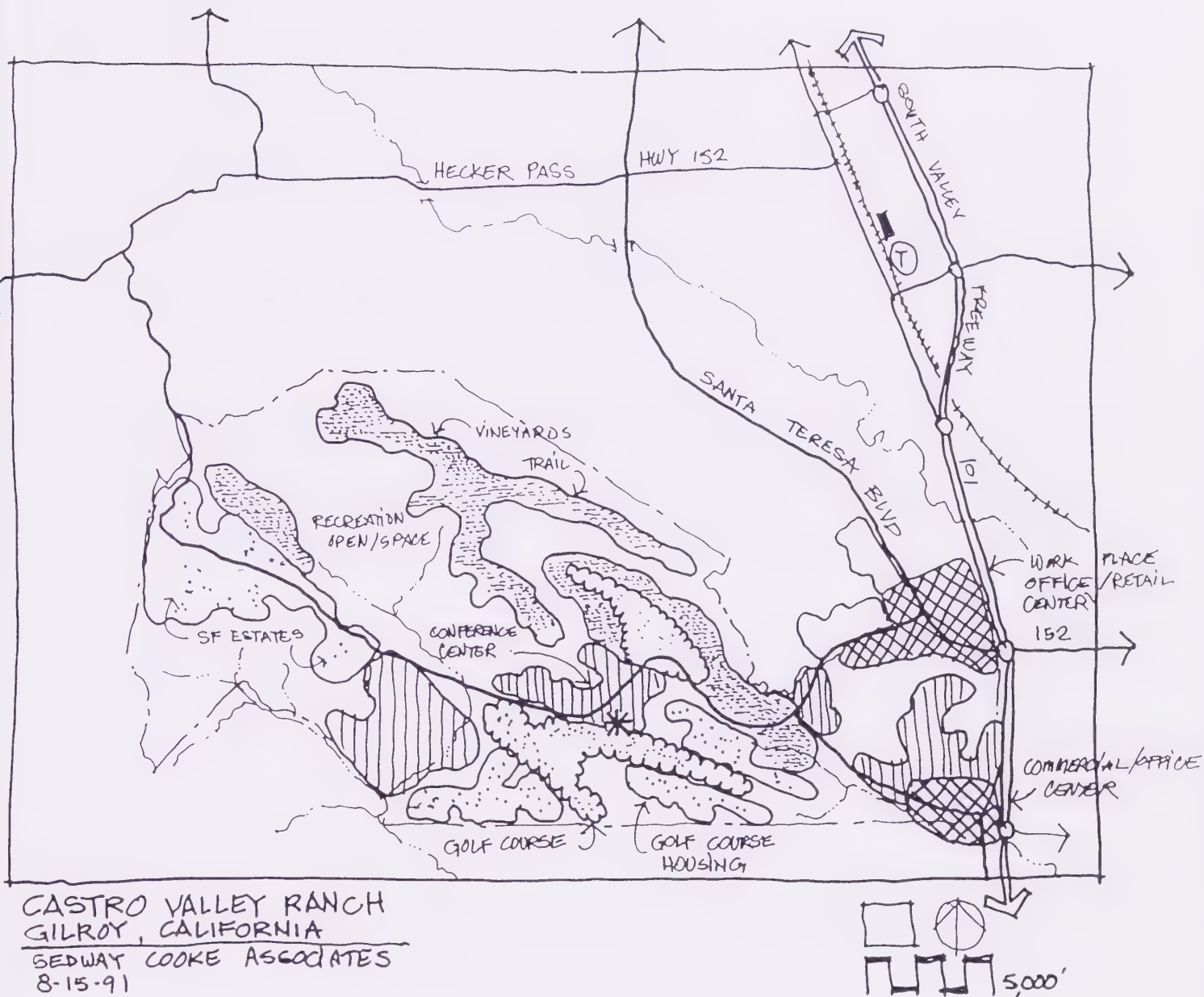


**Figure 14**  
**POTENTIAL**  
**COMMERCIAL SITES**

**CASTRO VALLEY RANCH**  
**GILROY, CALIFORNIA**

**SEDWAY COOKE ASSOCIATES**  
 Urban and Environmental Planners and Designers





**Figure 15**  
**ILLUSTRATIVE LAND**  
**USE**

**CASTRO VALLEY RANCH**  
**GILROY, CALIFORNIA**

**SEDWAY COOKE ASSOCIATES**  
Urban and Environmental Planners and Designers



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## CHAPTER VIII. FUTURE WORK SCOPE

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The work scope recommended below consist of three major steps: (1) collection and analysis of additional information needed to confirm or define future potential site uses; (2) investigation of near-term uses that would not require general plan or zoning changes and would be possible with the Williamson Act contract still in effect; and (3) identification and evaluation of long-term development prospects that make fuller use of the site's potential. The third step will conclude with selection of the preferred development alternative and provide the basis for proceeding subsequently with applications for general plan and zoning changes and, in all likelihood, a request for annexation to the City of Gilroy.

It is anticipated these three steps can be accomplished in an 8- to 10-month period. Concurrent with this effort, we suggest establishing an ongoing, but informal, liaison with the planning and engineering staffs of the county and the City of Gilroy. During this period, we also recommend contacting and make informational presentations to special interest group representatives, such as open space advocacy organizations, groups interested in affordable housing, equestrian organizations, and others likely to either support or oppose development on the site.

The description of tasks that follow includes an identification, where applicable, of other consultants who might be used for the tasks described. Sedway Cooke Associates or Sedway & Associates will be responsible for all other tasks. Following review of the work scope and review and selection of other consultants to be used, a budget and time schedule will be developed with the cooperation of the other selected planning team members for your consideration.

### A. BASELINE SURVEYS AND ANALYSES

The following surveys and analyses are recommended in order to provide a firm basis for identifying and evaluating site development choices.

#### 1. Water Supply Analysis

- Examine the potential of subsurface water sources (aquifers)—either on-site or in nearby areas—to determine the long-range, safe yield of these sources.
- Evaluate the potential of on-site water impoundments and determine the potential capacity, cost, and environmental implications of the impoundments.





- Examine the feasibility of obtaining water from water purveyors in the south county area and determine the likely water volumes obtainable from these sources on a guaranteed basis.

#### Recommended Consultants

Earth Science Associates for analysis of subsurface water resources and feasibility of impoundments.

Nolte Associates for availability of water from other water purveyors.

## **2. Geotechnical Review**

An additional review will be made of the potential constraints posed by seismicity and unstable slopes. This analysis will include review of existing data sources, photo interpretation, and field surveys. At this time, we do not anticipate the need to do trenching or borings to establish the location and severity of geotechnical hazards. This study will make preliminary recommendations on appropriate setbacks to be maintained from the faults and identify additional areas unsuitable for development because of geotechnical constraints. This information, along with information gathered in step 1, will be used to refine the calculations of developable land.

#### Recommended Consultants

Earth Science Associates.

## **3. Wastewater Disposal Capability Analysis**

This subtask will examine a range of possible options for accommodating the wastewater discharge needs of future site development. Included will be a more detailed review of the capability of the planned expansion of the Gilroy Wastewater Treatment facility to accommodate Castro Valley Ranch site uses or to expand further plant capacity to accommodate this demand. Other options examined will include construction of an on-site treatment facility capable of accommodating the demands of site development at a level equivalent to that generated by the uses and intensities of the illustrative development scenario described in Chapter VII. This latter option will consider both discharge into the Pescadero Creek and on-site disposal through use of spray fields. The prospects for developing such facilities in cooperation with other adjoining or nearby property owners will also be investigated.



#### Recommended Consultant

Nolte Associates assisted by Earth Science Associates for review of water quality impacts of discharge into Pescadero Creek.

#### **4. Road Alignment and Configuration Studies**

More detailed site and engineering studies will be made of the Castro Valley Road, particularly the initial two miles that transverses an area with steep slopes. Similar studies will be for a right-of-way generally following the alignment of Tick Creek and an alignment in the central portion of the site connecting with the northern access point and connection to Hecter Pass Road. At the start of this analysis, we suggest representatives of Castro Valley Properties, Inc., meet with the owner of the adjoining parcel along the northeast property line to determine his/her interest in cooperating on the realignment of Castro Valley Road and its improvement to a higher capacity roadway. If an agreement cannot be reached with the adjoining property owner, more detailed topographical surveys will most likely be needed to examine the feasibility of improving this road segment, following approximately the existing alignment.

#### Recommended Consultant

Nolte Associates in collaboration with Sedway Cooke Associates.

#### **5. Biological Surveys**

Before proceeding further with on-site planning, on-site surveys should be made to confirm that the site does not have rare or endangered plants species or habitat serving rare or endangered animals. It will also be necessary to determine if there are wetland conditions that will need to be considered. The site survey will be complemented by a literature and existing data search, and contacts with people who know local natural habitat conditions.

#### Recommended Consultant

Thomas Reid Associates.

#### **6. Viticulture Analysis**

An analysis of soils, underlying geology, and climatic conditions will be made to determine the viability of growing premium wine grapes in the upper portions of the site that are unsuitable for development because of seismic constraints and restricted vehicular access. If conditions are found to be favorable for this use, a determination will be made of the water supply requirements, projected yield, and order of magnitude cost of land preparation and irrigation facilities.



### Recommended Consultant

Sedway Cooke Associates will contact specialists in the field of viticulture to identify appropriate experts and make a recommendation to Castro Valley Properties, Inc.

## **B. FEASIBILITY ANALYSIS OF NEAR-TERM DEVELOPMENT OPTIONS**

The following studies will be undertaken to determine the feasibility of proceeding in the near term with development that can provide Castro Valley Properties, Inc., with revenue-producing uses in the near future. The uses selected are those that will not require changes in the Santa Clara County General Plan or Zoning Ordinance. The siting of each of these uses is also designed to ensure they will not foreclose or impede development of other desirable uses in the future. In fact, the intent is to select and design uses that will enhance the attractiveness and feasibility of future residential and commercial uses.

### **1. Evaluate the Feasibility of a Lodge/Conference Center with Associated Golf and Tennis Facilities**

- Prepare space and facility program to serve as the basis for subsequent site planning and economic feasibility analysis.
- Prepare sketch site and facility plan to determine the appropriate location of the facilities and provide a basis for determining the extent and cost of water supply and wastewater facilities and roads.
- Provide preliminary estimates of site development and construction costs for use in the economic feasibility analysis.
- Evaluate the economic feasibility of the lodge/conference center, including market support and potential economic return on investment.

### Recommended Consultants

Nolte Associates assisting Sedway Cooke Associates and Sedway & Associates in the cost estimation tasks.

### **2. Evaluate the Feasibility of an Equestrian Center**

- Review the facilities and operations of existing equestrian facilities and prepare a preliminary facilities program description.
- Prepare a sketch site and facility plan, which must be compatible with the plan for the lodge/conference center and its long-term expansion needs.





- Evaluate the market support for and economic return of this use.

### **3. Evaluate the Feasibility of Vineyards and an Associated Winery**

If the step 1 viticulture analysis concludes soils and climatic conditions are ideal for growing wine grapes and an adequate water supply is available, the following additional investigations will be undertaken.

- Sketch plans will be prepared to determine the appropriate location for planting, where soils and microclimates are suitable and will not conflict with plans to construct golf courses or preempt buildable portions of the site.
- Preliminary cost estimates will be prepared for site preparation, irrigation, and construction of the winery.
- An analysis will be made to determine the economic viability of this use.

### **4. Evaluate the Feasibility and Desirability of Quarry Operations**

If the step 1 analysis of the Castro Valley Road concludes improvement to a capacity sufficient to accommodate long-term development plans can be assured, an analysis of the potential for quarry operations in the eastern portion of the site should proceed.

- Review water requirements, availability of water supply, and implications for water supply needs of other near-term uses under consideration.
- Prepare preliminary sketch plans to identify road requirements and location of quarry operations in order to ensure operations will not create unacceptable traffic or visual problems for Castro Valley Ranch and adjoining properties. Also of critical concern is location and configuration of the quarry operations so as to ensure the suitability of the site for development purposes when the quarry operation ceases.
- Review the economic return to Castro Valley Ranch and help determine the most advantageous way of structuring the agreement with the prospective quarry operator.

## **C. PREPARATION AND EVALUATION OF LONG-TERM DEVELOPMENT ALTERNATIVES**

- Prepare three comprehensive development alternatives for the site.
- Assess these choices to provide a basis for selecting the preferred alternative.



This step will conclude with selection of a preferred plan, which will provide the basis for subsequent discussions with the county and the City of Gilroy and for requests for general plan and zoning changes and, in all likelihood, annexation to the City of Gilroy.

## **1. Preparation of Development Alternatives**

The following sitewide preliminary development plans will be prepared.

- A balanced community concept incorporating a development program similar to that presented in Chapter VII, Section C. This concept represents a choice that recognizes the development potential of the site and capability of the site to address, in an environmentally sensitive manner, growth issues in Santa Clara County and the adjoining counties to the south. It will emphasize a wide range of housing types at costs affordable to a significant portion of the people working in central and southern Santa Clara County. It will also place major emphasis on retention of open space for both habitat and public outdoor recreation purposes.
- A community devoted primarily to large-lot, high-end housing, ranging from half- to five-acre sites. This alternative will still incorporate many of the recreation features and open space features contained in the prior alternative, such as golf course and equestrian facilities. Commercial uses in the eastern portion of the site will also be similar to the prior alternative, with the possible exception of local-serving retail because there will be less support for this use.
- A site development scheme adhering to the provisions of the existing county general plan and zoning ordinance. This concept will include uses possible under the Williamson Act, if found to be viable, but the remainder of the site will be assigned to 20- to 160-acre home sites.

## **2. Assessment and Comparison of Alternatives**

The following assessments will be undertaken to provide a sound basis for understanding both the positive and negative consequences of the alternatives. The assessment will address the regional implications of the alternatives and consider the transfer of impacts, under the less developed concepts, to other areas of the county or neighboring counties that might be less capable of accommodating these uses in a well-planned and environmentally responsible manner.

### Traffic Assessments

Projections will be made of the vehicular trips generated by the respective alternatives. The projected trips will be used to determine required roadway improvements, particularly for major off-site access routes and related intersections. The projected trips and assignment of



these trips to the road network will also be used to estimate future miles driven, both total miles and miles per capita. The latter will be used to consider the regional implications of the respective concepts.

#### Environmental Assessment

A comparison will be made of the likely affects of each choice on open space values, including natural habitat, outdoor recreation, scenic quality, and water quality and resources. At this time, this assessment will depend more on qualitative judgments. At such time that a general plan or zoning ordinance change application is made, more detailed quantitative analyses will most likely be required, particularly regarding water quality and stormwater. Other environmental issues, including air quality and energy consumption, will also be addressed.

#### Economic Feasibility Assessment

An economic assessment and comparison will be of the three choices. This assessment will include preliminary cost estimates for site preparation, construction of roads and utilities, and building construction; a review of the market demand and likely annual capture rate of the Castro Valley site of these uses; and a preliminary economic pro forma analysis based on the projected cost and market support of each alternative.

#### Fiscal Assessment

A comparison will be made of the cost of services required by each alternatives and the projected revenues from each accruing to the local governments responsible for providing these services.

#### Comparative Analysis

The findings of the above assessment will be compiled to permit a comparison of the advantages and disadvantages of the respective alternatives.

#### Planning Team

The planning team will be meet with representatives of the Castro Valley Properties, Inc., and assist them in selecting a preferred alternative. It is anticipated this step will include refinements and modifications to the selected concept and may entail additional assessments to confirm the desirability of the modifications. For example, this could involve increasing or decreasing the amount of commercial floor space or varying the mix of housing types.

#### Recommended Consultants

Robert Conradt for transportation and traffic engineering analyses.





#### D. GOVERNMENTAL AND COMMUNITY LIAISON

Concurrent with the three steps outlined above, we recommend scheduling informational meetings with representatives of Santa Clara County and the City of Gilroy, and with other interested or potentially affected community or special interest groups. The purpose will be to inform them that studies are being undertaken to consider future uses of the Castro Valley Ranch. It will be important to convey to them that Castro Valley Properties, Inc., has no preconceived land use plans for the site and will await completion of the above studies before arriving at a decision on desirable future use of the ranch. It is also important to inform them that their comments and ideas will be solicited throughout this process.

Following these initial meetings, an informational/liaison program will be drafted for the balance of the study. Groups contacted should include both potential supporters and opponents. Following initial contacts with the respective groups or their representatives and an explanation of the planning process being pursued by Castro Valley Properties, Inc., informational meetings should be scheduled to coincide with each of the major steps in the program. These meetings should be used to both solicit ideas and identify concerns or issues that need to be addressed.



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## APPENDIX A: SANTA CLARA COUNTY HORIZON 2000 GENERAL PLAN LAND USE REGULATIONS

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### A. CONSTRUCTED ENVIRONMENT (GENERAL DEVELOPMENT POLICIES)—LAND USE DESIGNATION

- CE2 Urban development should occur only within urban service areas and under city jurisdiction.
- CE4 Lands unsuited for urban development shall be annexed to cities or included in urban service areas only if the land has been designated for non-urban uses such as open space reserves or parks (refer to E-6 for details).
- CE6 Development activity should minimize degradation of the natural environment and diminishment of heritage resources.
- CE7 Proposals for expansion of urban service area boundaries shall be approved only if:
- The City or special district and the affected school district or districts have the ability to provide the full complement of needed public facilities and services to developed and undeveloped areas within the proposed urban services area within 5 years.
  - The supply of land within the city's urban service area accommodates no more than 5 years of planned growth.
  - Lands planned for employment do not exceed the capacity of the city's existing and planned housing supply to accommodate the housing demand generated by employment.
  - The City's housing element of its general plan documents that the housing needs of all segments of the community are being met as required by state law.
- CE11 Unincorporated lands intended for urbanization shall be annexed to cities and annexation should occur at the time consistent with the cities development schedule.
- CE12 Annexation outside of established urban service areas shall not be approved.



## B. LAND USE REGULATIONS

### 1. Ranchlands

- LU28 Lands that are predominantly used as ranches in areas that are far from the urban portions of the county. These lands are watersheds and provide such important resources as grazing lands, minerals, forests, animal habitat, rare or locally unique plant and animal communities, historic and archaeologic sites, areas of scenic beauty, and recreational areas.
- LU29 The existing very low intensity uses, rural lifestyle, and limited public access shall be maintained. Development policies shall protect the continued use of the land for ranching.
- LU31 Ranchlands policies will be reviewed in one year. Monthly subdivision and certificate of compliance data will be collected. If at the end of one year activity in the Ranchlands approaches the limits for subdivision, it will be necessary to revise the Ranchlands policies.
- LU33 No large ranches shall be allowed to fully subdivide into small lots. There shall be a limit to the number of lots created within the Ranchland area.

### 2. Agriculture

Permanent preservation is the goal for the best agricultural areas.

- LU14 "Large Scale Agriculture" is designated where minimum lot sizes shall be 40 acres.
- LU17 LAFCO should adopt policies that assure that cities do not annex land in the agricultural reserve areas ("Large Scale Agriculture" designation).
- LU1 This area consists of mountain lands, the wetland, and lowlands, and the remaining agricultural lands of the county.
- LU2 Allowable uses of these lands shall be compatible with resource conservation and the land's inherent natural qualities. Allowable density and uses shall conserve the resources of land, maintaining the county's air quality, agricultural soils kept productive, and watersheds protected, and per capita energy demand is not increased.





### 3. Urban Area Policies

- SU1 Most of the county's future development should be accommodated within the existing urban area. Urban development should not be extended into the hillsides, the Coyote Valley, or most of the South Valley.
- SU2 Future urban development should occur within cities.
- SU7 The density of new residential development should be increased, particularly near major employment centers and adjacent to major public transit routes.
- SU10 Adequate neighborhood, community, and citywide parks and recreation areas should be provided and maintained within the urban area.
- SU12 The pockets of unincorporated land within the urban area should be annexed to cities. Urban development can only occur on lands annexed to cities that are responsible for the provision of urban services and facilities to urban development. Urban development should not be allowed on unincorporated lands under County's land use jurisdiction.

### 4. Rural Area Policies

Areas of land south and east of Gilroy should be preserved.

- SU16 Lands unsuited for urban development should not be annexed to cities or included in urban services areas.
- SU17 Lands outside urban service areas, not clearly established in rural residential uses or other specialized land uses shall be designated Resource Conservation Areas. These lands include: Baylands, Hillsides, Agricultural Lands, and Ranchlands.
- SU18 Density transfer will be used as a mechanism to secure preservation of prime agricultural lands.
- SU20 There will be annual limitation on lots that may be created in ranching areas.
- SU24 Unincorporated development should not adversely affect public safety, public health, or the natural environment.
- SU25 Environmentally sensitive site planning and energy efficient development shall be encouraged in unincorporated areas.



NE42 Sizeable areas of prime agricultural land in large parcels shall be preserved to achieve the stability necessary for those wishing to conduct agricultural operations.

NE45 Land uses in agriculturally designated areas shall be limited to agriculture, uses necessary for the support of agriculture and uses compatible with agriculture.

The Land Use Plan Map of the County General Plan indicates the site having two designations:

## 5. Ranchlands

Lands are watershed and provide resources for grazing lands, minerals, forests, animal habitat unique plant and animal communities, historic and archaeologic sites, areas of scenic beauty, and recreation. Ranchland designation is very restrictive and general development policies intend to protect the continued use of ranching.

### Allowable Uses

Primary: Ranchlands

Secondary: Agriculture  
Low Intensity Recreation  
Mineral Extraction  
Natural State of Land  
Hunting  
Wildlife Refuges

Very Low Intensity Residential, Commercial, Industrial, and Institutional uses if support ranching activities or natural resources of area.

### Development Standards

Minimum lot size is between 20 to 160 acre slope density formula or 160 acres.

### Agricultural-Large Scale

Lands reserved due to prime agricultural soils where agricultural activities are most appropriate.

### Allowable Uses

Primary: Agriculture  
Agriculture Activities/Uses necessary to support agriculture.



## Development Standards

Minimum lot size is 40 acres.

### **C. NATURAL ENVIRONMENT**

- NE1 Open space lands shall be protected for their functional, ecological or scenic values and natural environmental resources shall be conserved for wise and efficient use.
- NE2 The County shall become a leader in the protection of existing streamside riparian woodlands and grasslands and restoration of degraded streams and streamsides on lands they own and develop for any use.
- NE3 Multiple uses of open space lands shall be encouraged consistent with the conservation of resources and the preservation of the natural environment.
- NE5 Development activity shall not be allowed to degrade the natural environment and all reasonable steps shall be taken to mitigate potentially adverse effects.

#### **1. Creeks and Streamside Areas**

- LU8 Creeks and streamsides wherever they occur.
- LU9 Creeks and streamsides shall be preserved in their natural state providing for drainage, percolation, wildlife habitat, aesthetic relief and open space. Recreational uses that are environmentally compatible are allowable within the creek buffer area.
- LU10 Creeks and streamsides shall be protected in their natural state and shall be restored whenever possible. There shall be not building, parking, clearing, or despoliation within the creek buffer area.
- NE31 The remaining riparian vegetation associated with the streams and creeks shall be protected through the following means:
  - By setback from the top of the bank,
  - Regulation of the removal of trees and other vegetation,
  - Reduction or elimination of the use of herbicides by public agencies,
  - Controlling and designing of grading, road construction, and bridges near streams to minimize loss of riparian vegetation.
- NE36 Public projects should preserve the stream environment and should provide multiple use for such purposes as parks, open space preserves, trails and flood control.





- NE37 Roads and development in streamside areas should be designed so that the riparian vegetation is retained and the creeks remain open and not fenced.
- NE38 Lands near creeks and streams shall be considered to be in a buffer area (refer to D-16).
- Uvas Creek Park Chain is a proposal to protect the stream as a park chain including Uvas Reservoir and Gilroy's 29-acre Christmas Hill Park.

#### D. VEGETATION, WILDLIFE, MOUNTAIN SOILS

- NE54 Large scale clearing of land shall not be allowed unless it is in conformance with a plan to enhance the resource use of the land without loss from soil erosion.
- NE55 Healthy specimen trees shall be protected from cutting.
- NE57 Reforestation of mountain areas should be encouraged.
- NE62 Recreational use of lands in natural areas should be limited to those kinds and intensities of activity such as hiking, horseback riding, picnicking, and camping that are compatible with preserving natural vegetation and wildlife.
- NE63 A "no construction" limitation shall be placed on slopes above 30 percent.
- NE64 Whenever possible, a buffer strip of open land should be required between the base of the foothills and existing canals where there is a high potential for landsliding.
- NE65 Heritage and specimen trees that are locally endangered, and redwood trees over 200 years old as determined by core samples, should not be logged, unless a tree becomes hazardous.
- NE70 No heritage resource shall knowingly be allowed to be destroyed or lost through a discretionary action (zoning, subdivision site approval, grading permit, building permit, etc) Unless
- site or resource has been reviewed by experts and the relevant County review board or commission and has been found to be of insignificant value or
  - there is an overriding public benefit from the project and compensating mitigation to offset the loss is made part of the project.
- NE75 Locate, where feasible for restoration and use, and mark old trails and trade routes.



## E. FLOOD HAZARDS

NE34 In flood plains that are not already developed, land uses shall be restricted to avoid need for major flood control alterations to the streams.

- Water depths and velocity of flow are high near creek channels and pose a serious threat, primarily near creek banks. Water depths in the Baylands and in the extreme south end of the valley (near the Pajaro River) can be quite high.
- In the area just north of the Pajaro River, flood water can exceed ten feet in depth. (This area is referred to as Soap Lake when it is under water and can extend as far north as Bloomfield Road.)
- Isolation of an area by flooded roads can prevent evacuation and access by medical, fire, and police personnel. However, roads away from creeks could be covered by more than one foot of water near the Pajaro River. Despite damages reported from major floods, agriculture is still the best productive use in flood-prone areas.
- Unincorporated areas are reviewed by the Santa Clara Valley Water District (who makes recommendation on possible flood preventative measures). County Land Development Engineering Services responsible to review and approve all drainage facilities installed on unincorporated lands outside jurisdiction of the Santa Clara Valley Water District.

## F. PERCOLATION

A large part of the unincorporated area is made up of soils that are very slow to percolate and much of the land is sloping, making it very difficult to build structures.

HE11 Only very low density development shall be allowed on septic tank systems in the rural areas. The maximum density for new land divisions intended to be served by such systems shall be two and one-half acres per building site, and maximum densities shall not be extended over large areas or in areas likely to have a negative cumulative impact.

HE13 Areas with high ground water conditions and saturated soils shall not be used for septic systems, and land divisions in such areas shall be denied or limited to lots of one hundred acres or more.

HE20 Existing unincorporated developed areas unable to connect to existing sewer districts shall form assessment district to assure that septic tanks are maintained.



## G. WATER SUPPLY

Water supplies in Rural Areas:

NE19 Water resource shall be protected by:

- Preserving open land in both agricultural and hillside watershed areas.
- Preserving areas with prime percolation capabilities and avoiding placement of all potential sources of pollution in such areas.
- Minimizing sedimentation and erosion through control of grading, quarrying, cutting of trees, removal of vegetation, placement of roads and bridges, use of off-road vehicles, and animal related disturbance of the soil.
- Avoid pollution by not allowing the location of septic systems, auto mobile dismantlers, waste disposal facilities, industries utilizing toxic chemicals, and other potentially polluting substances to be in creekside or reservoir areas when polluting substances could come in contact with flood waters, permanently or seasonally high groundwater, flowing stream or creek waters or reservoir waters.
- Avoiding establishment of excessive concentrations of septic systems over large land areas, and mitigating water quality impacts from existing concentrations.

## H. WASTEWATER TREATMENT

- Sanitary sewers will not become available to most unincorporated areas. The County does not operate a sewage treatment plant, and many rural areas are not in proximity to existing sewers. Costs of new sewers and treatment plants are now prohibitively high to consider large-scale expansion to rural lands.
- Septic tank systems are the only on-site waste disposal systems currently approved in Santa Clara County and must be depended upon for the next few years.

## I. SCENIC RESOURCES

The agricultural lands of the South Valley are to be preserved and shall continue to provide a greenbelt around the south valley cities.

NE9 No road or major facility requiring large scale clearance of vegetation should be located in areas where it would create visible scars on the landscape, and all cleared areas should be replanted with fire resistant plant capable of holding the soil.

NE10 Roads, building sites, and facilities shall not be allowed to create major or lasting visible scars on the landscape. Structures on ridgelines must be located, constructed





or landscaped so that they do not create a major negative visual impact from the Valley floor. Land should be divided so that building sites, if possible, are not located on ridgelines.

NE12 Natural riparian and streamside areas shall be left in their natural state providing percolation, wildlife habitat, aesthetic relief and recreational uses that are environmentally compatible.

### **1. Scenic Highways**

- Route 152, the Pacheco Pass Highway requested scenic corridor studies for this highway. The County is waiting for the State to take the next step in the process of official designation. The General Plan recommends the need for state scenic designation and land use by the cities including Gilroy and Morgan Hill for Route 101, the South Valley Freeway.
- The visual integrity of the scenic gateways to the South County (Pacheco Pass, Hecker pass. Route 101 south of Gilroy, and the Coyote Greenbelt area north of Morgan Hill) should be protected.

## **I. QUARRIES**

LU83 All quarries and mines are to have a plan for the rehabilitation of the property and the control of erosion from the operation.

LU84 All existing operations shall be subject to periodic review to evaluate the compliance of the operation with the conditions placed upon it, and to add such requirements as are necessary for the rehabilitation of the site or the control of erosion.

LU86 No new quarries or mines shall be allowed in areas where their operations would be disruptive of other uses.

### **1. Mineral Resources**

NE76 High priority rock, sand, and gravel resource areas should be protected from encroachment or urban development.

NE79 Designated mineral resource areas should be protected from preclusive and/or incompatible land use development.

NE81 New quarry operations within the Sphere of Influence should be consistent with the City's General Plan policies.



- NE82 New or significant expansions of quarries and mines shall be approved only if compatible with neighborhood land uses, free from hazardous traffic impacts, and not disruptive of the environment.
- NE84 Environmental Impact Reports shall be mandated for new quarries or for significant expansions of existing quarries.
- NE86 Alternatives to proposed quarry sites should be thoroughly investigated in the EIR.
- NE87 New quarrying activities should be discouraged where significantly visible from the Valley floor, where screening techniques can not minimize the visual impact of the quarry operation, and/or where later rehabilitation of the site will not reduce the remaining visual impacts to a less than significant level.
- NE88 Any new quarry should incorporate adequate buffers and screening within its boundaries to protect existing and future uses on adjacent lands.
- NE91 Access routes to new quarry sites should be designed and controlled so as to avoid inducing development on adjacent or nearby properties.
- NE92 Access routes to new quarrying sites should discourage the truck transport of extractive resources, except on expressways, freeways, and designated truck routes.

## K. TRANSPORTATION

- TRi20 Upgrade and expand Southern Pacific rail service between San Jose and San Francisco, Santa Cruz, Gilroy, and Fremont.
- The major freeway and roadway improvement recommendation in the Plan include operational improvements of Route 101 and Route 152 new construction of the South Valley Freeway.



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## APPENDIX B: CITY OF GILROY GENERAL PLAN

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### A. LAND USE REGULATIONS

- City will oppose urban development in agricultural lands under County jurisdiction until such lands are annexed by the City.
- Agriculture will be encouraged in undeveloped portions of the Planning Area.
- Areas subject to natural hazards such as major flooding or soils with a high water table will be encouraged to remain in long-term agricultural production where such use exists.
- Support land use and transportation policies and zoning regulations in lands under county jurisdiction within the City's Sphere of Influence that protect the continued viability of local agriculture.

### B. NATURAL ENVIRONMENT

- The City will preserve natural resource and wildlife habitat areas, reduce risk in hazardous areas and provide recreational opportunities by preserving the following areas in open space:
  - Natural Resources: Uvas Creek and Llagas Creek, heavily vegetated portions of the Santa Cruz mountains, and several stands of trees along Miller Avenue and trees bordering Hecker Pass.
  - Hazardous Areas: Fault zones and floodways.
  - Recreational Land: Most parks, expanded linear parks along Uvas and Llagas Creek, and the golf course.
- Clustering of new development in open grasslands and on gentler slopes rather than in areas such as wooded canyons, bluff faces, riparian zones and steep hillsides will be encouraged.
- The City will promote both public and private efforts to protect the integrity of local biological resources, particularly native trees and wildlife habitats.





- Areas along the Uvas Creek channel that include designated mineral resource shall be protected from urban encroachment and premature development incompatible with mining.
- Creeks will be protected from urban encroachment and degradation. New development will preserve the function of natural drainages, including small canyons and seasonal creeks. Easements and setbacks adjacent to these creeks will be maintained in open space.

### C. LANDSLIDE AND SOIL CREEP

Development will be restricted on steep slopes, and slopes susceptible to landslides and soil creep.

- Slopes 10 to 30 percent = suitable for low intensity development only.
- Slopes greater than 30 percent, areas of high landslide risk, and areas with highly expansive soils on slopes greater than 10 percent = remain open space.
- Urban development and expansion shall be restricted in areas subject to major flooding, drainage problems and saturated soil conditions unless measures to reduce these hazards to acceptable levels are provided.

### D. PUBLIC SAFETY AND SEISMIC SAFETY

- No development will be permitted in areas of high seismic risk identified on the Seismic Hazards Map.
- No development will be permitted in areas of over 10 percent slope without the requirement of a slope stability and soils investigation at the site.
- Critical facilities will not be permitted in areas with moderate to high potential for seismic or geologic hazards.
- Critical facilities will not be permitted to locate in medium or high fire hazard areas without an investigation of the development's vulnerability to fire and its potential as a source of ignition as consistent with State law.
- Restrict development in those areas subject to major sheet flooding in the northern portion of the Planning Area until adequate drainage improvements are provided.
- Restrict areas subject to both flooding and saturated soil conditions in the vicinity of Miller Slough and Llagas Creek east of the freeway to agriculture and recreational use.



- Enforce the Flood Plain Management ordinance to prevent further encroachment of development in floodways and assure compliance with Federal Flood Insurance regulations.

## 1. Fire

- New commercial and industrial buildings will be limited to locations where water supply is adequate for fire suppression.
- Where water supply in existing subdivided areas does not meet current standards for fire flow, improvement measures will be pursued.

## 2. Noise

- Require construction of earth berms or other suitable sound reduction measures in conjunction with new residential development along Santa Teresa Boulevard, Monterey Highway, and the South Valley Freeway.

## E. WATER SUPPLY

- The amount of new development will not exceed the ability of the Llagas Groundwater Basin to safely supply the City with water.

## F. WASTEWATER TREATMENT

- City will discourage the development of package treatment plants. New development will be required to connect to the City's principal sewerage treatment plant. Pre-treatment of waste may be required.
- Developers will be required to pay total fees for sewer improvements, including pipeline oversizing.

## G. TRANSPORTATION

- To maximize safety and maintain the scenic character and appearance of both Santa Teresa Boulevard and Hecker Pass Highway, points of ingress to and egress from these arterial routes will be severely limited.
- Any access roads or highways that must pass through hillside areas will be designed so as to preserve the ecological and/or aesthetic character of the hillsides.



- High quality vistas from scenic routes in the Planning Area will be preserved. Landscaping utilizing native and other appropriate plants to screen developments will be required along Hecker Pass Highway and Santa Teresa Boulevard.
- Santa Teresa Boulevard: Do not permit development on hillsides with slopes more than 30 percent. In areas where is permitted, ensure that the development is compatible with the hillside environment. Require landscape screening of both proposed residential and commercial development.
- South Valley Freeway: Promote landscape screening of new industrial development, particularly storage and loading areas. Encourage additional landscaping of freeway right-of-way.





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## APPENDIX C: SOUTH COUNTY JOINT AREA PLAN

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### A. NATURAL ENVIRONMENT

- 12.09 Careful consideration of development that would drain into the upper reaches of Llagas Creek and other creeks in order to avoid the need for channelization and consequent destruction of its riparian vegetation and natural habitat.
- 16.00 The wide variety of open space areas in the South County should be preserved and maintained.
- 16.01 The South County includes a variety of types of opens space areas. Of these geographic areas, stream corridors lands around reservoirs, lands that provide greenbelts for the cities, and significant hillside features should receive highest priority for preservation of open space.

### B. FLOOD HAZARDS

- 12.05 If development is to be allowed in floor-prone areas, flood control facilities or appropriate flood-proofing should be provided prior to or in conjunction with development at developers' expense.
- 13.00 Local drainage problems in South county should be minimized by preventing inappropriate development in areas that are prone to drainage problems and by using design standards and advanced planning to manage development.
- 13.03 The County and Cities should require a storm water management plan for each development.

### C. WATER SUPPLY

- SC7.8 New development should not exceed the water supply, and use of water should be made more efficient through appropriate means—conservation and reclamation.
- 7.00 New development should not exceed the water supply, and management of water should be made more efficient through appropriate means, such as watershed protection, percolation, reclamation, and conservation.



- 7.08 New development should not exceed the water supply, and use of water should be made more efficient through appropriate means—conservation and reclamation.

#### **D. WASTEWATER TREATMENT**

- SC6.0 Expansion of the joint Gilroy/Morgan Hill sewage treatment plant. Septic systems should be used only for low-intensity uses where they will not have a negative impact on the environment.
- SC6.1 The total capacity for the Gilroy/Morgan Hill Wastewater Treatment Facility should be consistent with these South County policies. (Cities of Gilroy and Morgan Hill to determine the best method for capacity.)
- 6.00 Expansion of the joint Gilroy/Morgan Hill sewage treatment plant should proceed, since additional sewer capacity is a prerequisite for further urban development and development for sanitary sewer systems. Septic systems should be used only for low-intensity uses where they will not have a negative impact on environment.
- 8.01 Land use policies should be continued that limit the number of individual septic systems in areas vulnerable to groundwater contamination.
- 8.03 In unincorporated areas, County policies regarding septic systems and land use should be continued.

#### **E. SCENIC RESOURCES**

- SC16.6 The visual integrity of the scenic gateways to the South County (Pacheco Pass, Route 101 south of Gilroy, and a Coyote greenbelt area north of Morgan Hill) should be protected.

#### **F. TRANSPORTATION**

- SC20.0 Truck stops should be located near major truck routes.
- SC20.4 Those truck stops that are allowed within the cities of the South County should be located near major trucking routes in an area that will serve the maximum number of truckers.



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## APPENDIX D: OPEN SPACE PRESERVATION PROGRAM

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### A. OPEN SPACE

- The cities should use their urban service area extensions and utility extensions to guide urban growth away from long-term agricultural areas.
- Open space buffers should be established between viable agricultural areas and urban expansion areas.
- Stream corridors and lands around reservoirs should receive highest priority for preservation as open space and for future regional park locations.
- Recreation trails and pathways along streams should not be located so that removal of vegetation would create streambank erosion. Roads in stream valleys should not destroy the natural character of the riparian corridor.

Streamsides, other riparian areas and floodways should be preserved by the County and individual cities in open space. Lands near creeks and streams shall be considered a buffer area with setbacks for nonresidential development and public services. Setbacks are as follows:

- 150 feet from the top back line—for creeks
- 100 feet from the high water line—for creeks not channelized or significantly altered. Recommendations are to include setbacks for residential and agricultural structures and should differ for various segments of the same stream and different streams.

### B. WASTEWATER TREATMENT

- The South County cities of Morgan Hill and Gilroy are experiencing significant growth constraints due to the capacity limits. No new development can be approved until a new plant is constructed and ready for use—early 1990s.
- If the valley floor greenbelt is to be preserved, the new plant should not be sized to serve urban development on the present farmlands.





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## APPENDIX E: TRANSPORTATION 2010

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### A. WASTEWATER TREATMENT

- In Gilroy, the City Council has set a moratorium on new residential development applications but is expected to be lifted once Phase I of the new sewer treatment plant expansion is complete. Phase I of the expansion is scheduled for 1992-1993.

### B. TRANSPORTATION

- Proposal for a tentative alignment along Monterey Road (Southern San Jose) through Morgan Hill along Sutter Boulevard and reconnecting with Santa Teresa Boulevard possibly via California Avenue (San Martin) and continuing through to Gilroy.
- Highway 101: CalTrain and addition of commuter land on Highway 101 South to 8 lanes recommended as long term priority, after Year 2000. Widening of Highway 101 for commuter lanes from Highway 85 to Cochrane Road (by 2000). An additional need in the mid term is to upgrade and widen Highway 101 to freeway standards from Monterey Road in Gilroy to the County Line (by 2010). Widen to 8 lanes—Bernal to Gilroy (by 2010).
- Upgrade and widen Highway 101 to freeway standards from Monterey Road in Gilroy to the County Line by Year 2000. Long range goal (after year 2000) is to widen the freeway throughout South County from 6 to 8 lanes, providing commuter lanes to Gilroy.
- Highway 152: The County's T2000 Plan includes widening and realigning of Highway 152 (CalTrans). Phase 1 is 4 lane from Route 156 to Route 101 (by 2000). Phase 2 is the improved expressway on new alignment and 152/101 interchange (by 2010). Two alignments being considered in the EIR.
- CalTrain (Guadalupe Corridor) Extension: As part of the Implementation Plan, T2000, CalTrain service proposal being considered for the Highway 101 Corridor. Extend commuter service from the Alma Station to south San Jose, Morgan Hill, San Martin, and Gilroy. Up to 8 stations are proposed with 4 to 6 planned for operation and to begin early 1993.
- Establish peak hour service to Gilroy with stops in Morgan Hill and San Martin (by 1993). Upgrade all service based on evaluation of initial service (by 2000).



- Inter-City Rail: Implement service between San Jose and Monterey with stops in South County (by 2000).
- T2010 Final Plan is due in Fall 1991.



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## APPENDIX F: DRAFT EIR—LONG-TERM WASTEWATER MANAGEMENT PLAN

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### A. WASTEWATER TREATMENT

- The service area for the Morgan Hill/Gilroy Wastewater Treatment Plant includes the Cities of Gilroy and Morgan Hill and a corridor of undefined boundaries between the cities along Monterey Highway and Highway 101 through the unincorporated San Martin area. The design and construction of the new treatment and disposal facilities would accommodate growth in the cities' service areas over a 20 to 25 year planning period.
- New development will be required to connect to the city's principal sewage treatment plant. Developers will be required to pay fees to offset the costs of expanding the sewage system improvements needed to accommodate their development.
- Suitable land disposal sites for the wastewater treatment facility include two areas significant to the Castro Valley Ranch area: #8 is within the ranch boundaries and #9 is to the west of Gavilan College (refer to map for location).





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## APPENDIX G: WILLIAMSON ACT

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### A. COUNTY GENERAL PLAN

Enacted by the State legislature in 1965 to preserve California's agricultural lands from sprawling urbanization. Voluntary contract between the landowner and the city or county to retain land in agriculture or open space for ten years. In exchange the landowner receives property tax relief of lands under contract.

### B. COUNTY OF SANTA CLARA, OFFICE OF ADVANCED PLANNING—COMPATIBLE USE LIST

#### 1. Residential Uses

Incidental to the property owner or lessee, which includes stockholders in family corporations, beneficiaries of family trusts and estates, owners of undivided partial interests in the fee, and joint tenants.

- Single-family homes for the property owner or lessee, which includes stockholders in family corporations, beneficiaries of family trusts and estates, owners of undivided partial interests in the fee, and joint tenants.
- Dwellings for persons employed in the agricultural uses of the land.
- Temporary farm labor camps incidental and necessary to the gathering of the crops grown on the land.
- Residential care facilities of person actively participating in agriculture as a prime component of their training or recreation.
- Facilities to be used as Bed and Breakfast inns with a maximum of six (6) guest rooms, kitchen and dining facilities for guests and small private events, all of which are totally contained within the existing residential structure.

#### 2. Accessory Structures

Necessary and incidental to the agricultural use of land, including:



- Facilities for the drying, packing, or other processing of an agricultural commodity usually performed on the premises where it is produced, but not including slaughterhouses, fertilizer yards, bone yards, or plants for the reduction of animal or vegetable matter.
- Stands or shelters for the sale of agricultural commodities produced on the land.
- Farmer's markets, as defined in the Zoning Ordinance of the County of Santa Clara, including an agricultural stand where agricultural commodities grown, raised, or produced off the premises are offered for sale to the general public by the operator of the stand. (Use permit required.)
- Limited sales of agricultural supplies including hay, seed, veterinary supplies, and horse track. The sale of farm equipment or horse trailers is specifically excluded.
- Aircraft landing strips.
- Storage and maintenance facilities for trucks used exclusively for hauling agricultural produce, which must include produce grown on the property, so long as the remainder of the property can sustain an agricultural use.

### **3. Land Maintenance**

The maintenance of land in its natural state for the purpose of preserving open space for recreation or plant or animal preserves, or the holding of non-producing land for future agricultural use or future mineral extraction.

### **4. Recreational Uses**

- Public or private fishing or hunting of wildlife, including structures associated with hunting clubs.
- Public or private rifle and pistol practice ranges, trap or skeet fields, archery ranges, or other similar uses.
- Public or private riding or hiking trails.
- Large animal clinics for horses or other livestock, including associated stables and pastures. (Small animal hospitals and kennels are excluded.)



### **C. Utilities, Resource Extraction, and Waste Disposal Facilities**

- The erection, construction, alteration, or maintenance of gas, electric, water, communication utility facilities; radio, television or microwave antennas; and, transmitters and related facilities.
- Oil and gas well drilling, including the installation and use of such equipment, structures and facilities as are necessary or convenient for oil and gas drilling producing operations customarily required or incidental to usual oil field practice, including the initial separation of oil, gas, and water from the premises.
- Surface mining operations that have an approved land rehabilitation plan that returns the land to an agricultural or open space use upon completion.

#### **1. Educational, Cultural, and Religious Facilities**

- Churches, including accessory structures, as long as such use does not substantially interfere with the primary agricultural use of the land within the preserve.
- Educational and cultural uses not located on prime agricultural soils that do not require road improvements, and where traffic to and from the subject use location does not hinder or impair the agricultural operations in the surrounding area. At least three-quarters of the parcel must remain in agricultural or open space uses, and the maximum coverage of the site where the educational and cultural uses are to occur is limited to 20 acres.
- Seasonal and occasional social receptions existing facilities and immediate surrounding grounds, that do not displace or interfere with agricultural and open space use of the parcel or any adjacent parcel.





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## APPENDIX H: BIBLIOGRAPHY

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1. **Santa Clara County General Plan**, (Santa Clara County, Advance Planning Office, San Jose, CA, Adopted: 1981, Reprinted: 1990).
2. **Project Feasibility Analysis, "Castro Valley Ranch,"** Prepared for C.M. Capital Corporation, (Coats Consulting, Land Planning/Environmental Consulting, P.O. Box 918 Capitola, CA 95010, November 1988).

This feasibility analysis is the first phase in determining the appropriate and best use for Castro Valley Ranch. It analyzes the General Plan Land Use designations/Zoning (Castro Valley Ranch having two designated uses: Ranchland and Agricultural-Large Scale), General Plan policy evaluation, and South County Planning Advisory Committee actions and proposed policies. The natural environment and open space issues are highlighted and related policies discussed include the 2020 Open Space Preservation Plan and the Williamson Act implications. Transportation and utility issues regarding future development/improvement and expansion as well as geologic/soils considerations are also addressed.

3. Di Marco, Mike and Midtgaard, Jenny, "Sewage Plant Sees Light of Day" (The Dispatch, Vol. 123, No. 134, Gilroy, CA, March 20, 1991).

"South County may finally get a new sewage treatment plant" with plans to upgrade and expand the existing facility southeast of Gilroy. Santa Clara Superior Court Judge is expected to sign the order. Gilroy and Morgan Hill are out of capacity in their jointly owned 6.1 million gallon per day (mpd) plant and this expansion would allow cities to provide 14.9 mpd. This article includes a chronological examination of the sewage treatment plant history.

4. **Santa Clara County General Plan, Land Use Map Policies** (Received October 19, 1990).

This document gives descriptions, allowable uses, and development policies for three areas designated as resource conservation areas, rural residential areas, and other land use areas. Policies address the urban area and issues relating to transitions or changes. A detailed description of land policies are listed by specific areas.



5. **Association of Bay Area Governments, Projections '90, Santa Clara County: Subregional Study Areas.**

A description of Santa Clara County's economy is given, and the report states the importance of its economy to the State of California. It also suggests the need of subregional planning between governmental entities within the county and throughout the region. Data and forecasts of total population, households, median income, and employment/job demand by sector for the year 1980 to the year 2005 are provided. Additionally, the data is structured by subareas and subregional areas. Potential infrastructure constraints to growth and residential demand for housing are addressed.

6. **Santa Clara County Congestion Management Program Overview (February 20, 1991).**

This document provides an overview of Santa Clara County's proposed congestion Management Program (CMP) and includes background information and issues related to CMP. This summary includes a general description of the elements (systems, transit, database and modeling, land-use analysis, capital improvement, monitoring and conformance, and deficiency plan), how it is linked to other elements, major decisions to be made, and a timetable for decisions. The Final CMP, which includes a complete environmental review, will be completed in November, 1991. This overview is to provide the CMA Board a context in which to make needed decisions for the CMP.

7. **Report Draft of the Preservation 2020 Task Force, Open Space Preservation: A Program for Santa Clara County (Published by the County of Santa Clara Office of Planning, San Jose, CA, April 1987).**

Growth pressures continue posing threats to substantial open space in the Santa Clara County. With Santa Clara County being one of the fastest growing, forecasts indicate that growth will continue and increase pressure for development. The Open Space Preservation Program recommends action to preserve the remaining open land, provides an overview of open space lands, and prioritizes action towards preservation. Its overall recommendation of providing a comprehensive long-range strategy includes the following:

- New Open Space District;
- Promote Formation of a Land Trust;
- Utilize Open Space Study Areas;
- Endorse Preservation Priorities;
- Implement Joint Exercise of Powers Agreements;
- Enter Joint Agreement Regarding Greenbelts on the Valley Floor;
- Establish Viewshed Protection Cluster Program for Contiguous Properties;
- Implement Hillside Transfer of Development Credits Program; and
- Implement Coyote Valley Transfer of Development Credits.



8. Advance Planning Office, **Transportation 2010 Plan, South County Element** (Santa Clara County Transportation Agency, San Jose, CA, November 20, 1990).

The purpose of this report is to provide an understanding of South County's growth projections and describe the needs assessment for the existing transportation system. Important elements that will affect growth in the area is new sewer treatment plant expansion beginning in 1992-1993 and Morgan Hill's consideration of a 4.3 million gallon per day sewage treatment plant in the unincorporated areas southwest of Morgan Hill. Transportation improvements are being planned for the following:

- Route 152;
- Route 101;
- Major Arterials (alignments for major north/south arterial parallel to Route 101 including Monterey Road, Sutter Boulevard, and Santa Teresa Boulevard);
- Transit (Caltrain peak hour services, Inter-City Rail between San Jose and Monterey in South County, Bus Service—a new commuter bus services to North County employment areas, Dial-A-Ride Service—conduct a cost/benefit analysis of current DAR and implement modifications); and
- Commuter (Commuter Lane Network, Transportation Demand Management).

9. Advance Planning Office, **Transportation 2010 Plan, South County Element Draft** (Santa Clara County Transportation Agency, San Jose, CA, May 9, 1991).

Similarly structured to the T2010 Plan, this document provides background information on South County's growth projections and transportation needs. Chapters then discuss Highway, Transit, Commuter, and Land Use Elements that have T2000 recommendations. Current status of the plan is given including the identification of key issues and problems areas along with T2010 recommendations for each element. The Final Implementation Strategy is due in the Fall of 1991.

10. **Route 152 Transportation Corridor, Alternative History.**

This document is a summary of events associated with Route 152 study alternatives. The exhibits within are city and state correspondence, situation maps, and alternative descriptions regarding the rerouting of the highway. Public meetings and people involved are listed.

11. Santa Clara County Transportation Agency, **Performance Report for Board of Supervisors** (County of Santa Clara, Milpitas, CA, FY 1991, 1st Quarter, December 4, 1990, Board of Supervisor Meeting).

This quarter, overall, Santa Clara County did better than expected for the 1990 year. All major operating revenue categories finished strongly in the first quarter of Fiscal 1990-91,





within budgeted targets. Good standings can be partially attributable to significant events for Santa Clara County Transit: the Tamien Light Rail Station that opened in August and ridership records being broken on the bus system. This report includes sales tax revenue forecasts, forecast adjustments, California's economic outlook, and Santa Clara's economic outlook.

12. Coats Consulting, **Gavilan College Expansion, Feasibility Analysis: Progress Report** (January 28, 1990).

This report is a project summary of the Gavilan College Expansion Feasibility Analysis. The goal of this report is to focus and identify the physical and political constraints associated with College expansion. After describing the goals and objectives of the college, alternatives were developed and examined based on opportunities and constraints. The study area consists of the existing 9-hole Gavilan College Golf Course and immediate surrounding areas including the Westbrook property and Castro Valley Ranch (Castro Field). The primary objective of the College is to better serve the growing student populations while maintain the College's financial viability. Therefore, the college is considering various alternative revenue sources, the golf course being one alternative. The study discusses physical constraints, political constraints and opportunities, Williamson Act considerations, project alternatives, and project processing.

13. Coats Consulting, **Gavilan College Expansion, Workbook II, Feasibility Analysis: Progress Report** (November 23, 1990).

This report serves as a progress report for the development of the Gavilan College Expansion Feasibility Analysis. Like the previous report, this summarizes development goals and objectives. It further examines potential project design alternatives and constraints associated with each alternative. The project alternatives are as follows:

- Expansion of their existing 9-hole golf course into an 18- or 27-hole championship course;
- A Pacific Rim Cultural Campus and an 18-hole executive golf course; and
- A Pacific Rim Cultural Campus and an 18-hole championship golf course.

In conclusion, the County of Santa Clara and the City of Gilroy appear to approve the concept of the Gavilan College Expansion project including the Pacific Rim Cultural Campus.



14. Economic Research Associates, **Preliminary Analysis of Market Support for an 18-Hole Daily Fee Golf Course—Draft**, Prepared for Gavilan College (ERA Project No. 9943, September 1990).

This report is an evaluation of potentials for a regulation length 18-hole daily fee golf course only, although ERA will be studying other land uses: the Cultural Center, retail commercial development, and high-end residential development in Gilroy. It analyzes the potential golf demand and the supply of existing golf courses in the market area. By estimating the number of supportable new public golf courses, the conclusions favor the golf course. There is a severe under-supply of public golf courses in the entire South Bay Area. The primary market area could support 13 more regulation public golf courses by the year 1993 and 14.6 additional courses in the secondary market area.

15. **The South County Joint Area Plan** (City of Gilroy, May 15, 1989; County of Santa Clara, August 1, 1989; City of Morgan Hill, June 7, 1989).

This plan was adopted jointly as an amendment to the city of Gilroy, the County of Santa Clara, and the City of Morgan Hill General Plans. The South County Joint Area Plan is a mutual statement of policies for community development and environmental management. It is a policy framework in which all three jurisdictions shall undertake concerning implementation: ordinance revisions, administrative procedures, project review, and contractual agreements between jurisdictions. The policies may be worded more generally than the General Plans to express common approaches; however, the plan is not intended to weaken any policy and the more restrictive wording shall apply. Issues addressed are elements related to urban growth and development, economic development, jobs/housing imbalance, education, infrastructure, agriculture, environment and open space, and specific areas (San Martin and Coyote Valley).

16. **South County Joint Area Plan: Implementation Program Review** (Agenda Item IV).

This document is an annual review of the Implementation Program that evaluates the progress and completion of actions undertaken by the respective jurisdiction. The program is being adopted by each of the three jurisdictions to begin the process of converting the Joint Area Plan into a program of action. The program will be reviewed regarding the following:

- progress and completion of actions that have been undertaken;
- priorities of remaining recommended implementing actions;
- new actions needed to implement adopted policies; and
- implementing actions to be undertaken in the next year.





17. Keyser Marston Associates, Inc., **Comparison of Bay Area Employment Centers**, Prepared for Prudential Insurance Company of America (October 1988).

The purpose of this report is to assess the competitive position of the I-580 and I-680 area as an employment center, compared to other employment centers in the Bay Area. In the past ten years, the area surrounding the interchange of I-580 and I-680 in Pleasanton, Dublin, and San Ramon has undergone rapid development as suburban employment centers and is expected to continue to be a major focus of development. The approach analyzed four factors that major employer ranked as the most important in comparing positions of employment centers: demographics, labor force, transportation, and occupancy costs. The general conclusion is that the I-580/I-680 area is in an excellent competitive position compared to other employment centers in the Bay Area due to its location in a desirable suburban area and a plan for its future transportation needs. The area will become the major focus of high quality suburban development in the next decade, similar to central Contra Costa County in the early to mid-1980's. Advantages to this area include rapid population growth, excellent housing availability, good quality schools, untapped labor supply, improving freeway systems, and low occupancy costs.

18. Economic and Planning Systems, Inc., in association with Brady and Associates, **San Martin-Gilroy Public Review Draft: Greenbelt Preservation Strategy**, Prepared for San Martin-Gilroy Greenbelt Steering Committee and Santa Clara County Planning Department, (EPS #847, November 1990).

This study determines the feasibility of achieving a permanent Greenbelt between San Martin and Gilroy. It documents opportunities and constraints in the study area and strongly suggests a larger boundary for the Greenbelt Study Area. The Greenbelt concept of the San Martin/Gilroy Area has included key land use planning documents: the Santa Clara County General Plan, the South County Joint Area Plan, and the Open Space Preservation 2020 Task Force Report. The San Martin/Gilroy Greenbelt is a narrow area of open space extending across the valley in the vicinity of Masten Avenue, linking the agricultural area lying to the east of Gilroy to the agricultural/hillside area lying to the west of San Martin. However, suggestions include a broader area including the Llagas Creek corridor, the open hillsides lining the valley to the east and west, public lands of the Airport, and the rural residential areas lying to the north along Highway 101. This report outlines the Greenbelt's goals and objectives, states its findings, and provides a Greenbelt Preservation Strategy.

19. Advance Planning Office, **Alternative Futures: Trends and Choices, A Trends Report from the County of Santa Clara Strategic Vision Steering Committee** (Department of Planning and Development, County of Santa Clara, October 1990).

A Strategic Vision is a county sponsored program designed to anticipate and plan for the major issues that will shape Santa Clara County's future. This report is the first phase of





the Strategic Vision that describes different facets of the changing environment. It documents trends and issues and their impact on the community and on county government as well as suggest choices for the future. The next phase will be to bring together members of the business arena and community organizations for the purpose of developing solutions to the most important issues facing the county. The report gives a general description of issues identified: demographic, economic and societal trends. This report is intended to be used as a foundation for county decisionmakers to build upon.

**20. Bay Vision 2020 Review Draft Report.**

The Bay Vision 2020 Commission, a commission formed in 1989 by elected officials of city and county governments in the Bay area, was asked to examine the region and develop a general vision for the Bay Area in the year 2020. This draft documents work that has been done so far including discussions of issues: region's diversity, livability, economic strength, housing affordability, and open space. A central conclusion of the report is that the nine Bay Area Counties must manage growth so as not to lose the area's quality of life. Findings also state that linkages between the counties exist, making it essential to understand issues regionally in at least four ways: environmentally, economically, functionally, and governmental. As populations trends and diversity increase, regional governance must addressed. The major recommendation is the creation of a nine-county Regional Commission (RC) by consolidating existing agencies.

**21. City of Gilroy, Subsequent Draft Environmental Impact Report, O'Connell Ranch (Vol. 1, April 1991).**

The proposed project is a residential development, a golf course, and terraces on a 1,845 acres site to the southwesterly side of the City of Gilroy, west of Santa Teresa Boulevard. The objective of this project is to provide high quality housing to meet future housing demands in the City of Gilroy. The project includes recreation and open space to ensure the quality of suburban living. This report is a subsequent EIR to address changes to the project since the completion of the Final EIR certified in 1988. Changes to the project include additional acres, a packaged sewage treatment plant, a reduction of units, and a shift in location of the golf course. The site has also been revised to include ponds and habitat for the California Tiger Salamander, discovered after the preparation of the 1987 Draft EIR. The City of Gilroy will use this EIR when considering the amendment of their General Plan and annexation of the site to the City. It will also need the EIR for rezoning and rezoning subdivisions and other specific development approvals.

**22. Draft Environmental Impact Report for the Long-Term Wastewater Management Plan for the Cities of Gilroy and Morgan Hill (January 1990).**

This Draft EIR has been prepared to address five alternatives of the Long Term Wastewater Management Plans for the Cities of Gilroy and Morgan Hill. The EIR review



was accomplished on April 1986; however, a legal challenge was filed against the Final EIR for certain specific deficiencies within the Peremptory Writ of Mandate. This Draft EIR has been prepared in response to the Court's decision and Peremptory Writ of Mandate. A new section on cumulative impacts has been included as well as other identified deficiencies.

**23. Final Environmental Impact Report for the Long Term Wastewater Management Plan for the Cities of Gilroy and Morgan Hill (May 1990).**

This document is an amendment and together with the Draft EIR constitute the Final EIR for the City of Gilroy and Morgan Hill. This amendment consists of comments, responses to comments, and text revisions of the Draft EIR as well as a transcript of the public hearing.

**24. Thomas Reid Associates, Draft Environmental Impact Report: Gilroy Hot Springs Resort Project, Prepared for Santa Clara County, (December 1990).**

Gilroy Hot Springs Development Association proposes to build a spa/resort hotel complex at Gilroy Hot Springs. The site is a 242-acre parcel located in southeastern Santa Clara County, northeast of the City of Gilroy. The project objective is to provide a destination recreational and therapeutic resort with a Japanese theme. It is comprised of two separate complexes and has been engineered to minimize landform alteration. This report describes the project and discusses its conformance with plans, ordinances, and policies. A detailed environmental assessment as well as off site road improvements are addressed.

**25. Thomas Reid Associates, Draft Environmental Impact Report, Appendices: Gilroy Hot Springs Resort Project, Prepared for Santa Clara County, (December 1990).**

These appendices are supplements to the Draft EIR for the Gilroy Hot Springs Proposal. It includes the following:

- wastewater treatment system;
- geologic investigation by applied soil mechanics;
- supplemental geologic evaluation by applied soil mechanics;
- geohydrology of the Gilroy Hot Springs Site;
- bascular plants of Henry Coe State Park;
- cultural resource assessment by California Archaeological Consultants;
- fiscal analysis;
- traffic analysis; and
- mitigation measures and Draft Monitoring Plan.

**26. City of Gilroy General Plan, City of Gilroy, CA (November 1979, Amended: April 21, 1986).**

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